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NEW FINANCING BY REALTY BONDS GAINING FAVOR

Real Estate Mortgage Financing is Decidedly Popular Throughout Canada

RETIREMENT GRADUAL

And Security of Bond Increases As Sinking Fund Accumulates or Serials Mature

The real estate mortage bond method, of financing new buildings has been well received by Canadian investors. Although this method of building finance, as now constituted, is distinctly a post-war development in Canada, the bond buying public has taken to it with considerable enthusiasm. As a result, a score of splendid edifices—apartment houses, office buildings, theatre buildings, hotels and even garages—are in course of erection in half a dozen of our larger cities from Halifax to the Pacific.

Whether it is the security, the convenience, or the marketability of the real estate bond that made the appeal principally, is not just clear. Perhaps all three. The mortgage has long been a popular form of investment in Canada, but as the country expanded, and as the cost of individual buildings began to be reckoned in millions rather than in thousands, it was no longer possible for the single individual to provide sufficient funds to finance one of these mammoth structures. The volume of investable funds had been accumulating rapidly meanwhile, and it was not a very great departure to borrow the method long ago adopted in the United States, of breaking up the mortgage into a large number of small units, so that a few hundred small investors might take it jointly. Favoring such a development was the fact that building had fallen far behind during the war period and had to be overtaken, and the prospective, rapid growth of Canadian cities suggested constant appreciation in the value of well-chosen properties.

Convenience and Bond Marketability

It is also an attractive feature of the real estate mortgage bond that the holder is freed from the troublesome task of investigation and supervision that the holder of the first mortgage was obliged to attend to for himself. He need not worry over repairs, taxes, insurance, interests, property value estimates, foreclosure sales and what not. These things are all taken care of. Furthermore, the holder of the bond has the assurance of a wider market for the type of investment which he holds.

Gradual Retirement of Mortgage

The method of retiring the obligation involved in this type of bond is seen in the progess of past transactions. In 1919, for example, an issue of first mortgage, 6 per cent. serial gold bonds of Leow's Toronto Theatres Ltd., amounting to $600,000 was floated by W. A. Mackenzie & Co. It is claimed, incidentally, that this was the first Canadian issue of this type of bond. During the interval, $43,000 has been paid off annually leaving $428,000 outstanding. The combined properties of the two theatres it is claimed are worth close to $2,000,000 and the net earnings of Loew's Company applicable to interest for 1924, was $267,000. In this way the security is gradually becoming stronger, and final retirement becomes assured by increasing earnings. Many similar examples might be cited of other building mortgages which have been sold to the public within the past five years and are now being retired gradually.

A matter of vital import and much controversy is whether or not such cities as Montreal and Toronto are over-doing the building program. The apartment situation differs materially from that of the office building. As elsewhere deduced, the increasing population, the demand for a newer type of apartment, and the rapid development of our cities give rise to a constantly increasing demand for new apartments, and there are few who would argue that the apartment houses of any of our cities are in excess of requirements. It is the general feeling that the new houses now in course of erection will fill an urgent demand.

Relative to the new office buildings under construction, however, there are those who feel that these are in excess of demand. There are evidences that a surplus of rentable space now exists in the leading cities. This is scarcely sufficient proof, however, that over-building is going on. Taking Toronto and Montreal as examples, each of these cities is the hub of a large industrial area. Factories in the nearby cities more and more require head offices in the larger city. Then again the firms already established in these down-town buildings are always expanding and requiring more space. Last year three new office buildings of no mean proportions were erected in Toronto. Such buildings do not usually fill up immediately, but the remarkable fact is that they will fill up as rapidly as they do, without taking all the tenants from the older buildings.

Real Estate Bonds for the Insurance Companies

While real estate bond issues are comparatively new in Canada, as will be seen from the table published elsewhere in this issue, giving the flotations to date, several insurance concerns have purchased these bonds for investment purposes. The Drummond Investment, Montreal, seems to have been popular, as four life insurance companies took up small blocks of these bonds. Windsor Hotel, Montreal and Professional Offices, Toronto, were the other two issues purchased. The amount and purchaser up to the end of 1923 are shown below:

Company	Issue	Par Val.	Pr. Pd.
Dominion,	Drum. Inv.	35,000	33,950
Gr. West,	Drum. Inv.	50,000	48,500
North Amer.,	Prof. Of.	25,000	24,875
Northern,	Drum. Apt.	39,000	37,830
Sun,	Windsor Hotel	300,000	287,870
Roy. Guard.,	Drum. Inv.	10,000	9,700
		$459,000	$442,725

NEW APARTMENTS IN MANY CITIES FILLING RAPIDLY

No Indication That Surplus of Residence Buildings Exists

When P. R. Du Tremblay the well-known newspaper proprietor and apartment house operator in Montreal announced his intention of erecting an apartment house that would be the largest in Canada, before the mortar was dry on his New Drummond Court Apartment, there were those who were wondering how he would ever find tenants for his new structure. But the fact that his newest building, which has just gotten under way, has already booked a large number of tenants and that new tenants are offering themselves weekly, indicates the degree to which Montreal has become accustomed to living in apartments. And contrary to the general impression this city is not over-built as regards this type of structure.

Prior to the commencement of the Acadia and the Chateau apartment houses, neither of which is yet completed,, there were only 18 first class apartment houses in Montreal. They had a total of only 630 apartments between them. The survey made in August of last year, when many people were living in their homes, indicated that there were only 38 vacancies of these 18 apartments or a total of 6 per cent. of all the available space. In the second class apartments in the city of which there are a total of 1837, vacancies total only 152 or 8 per cent. And as the erection of every new apartment has a tendency to draw people upwards to newer and better apartments, it will be seen that the builder of the Chateau, surveyed his ground carefully.

Of the better class apartments in Montreal only ten have elevators. Rents vary from $60 to $500 an apartment, or from $20 to $35 a room. Only eleven of the apartments are fire proof.

Apartment house rents have remained firm in Montreal, and there are at the present time few vacancies in any of the apartments. It is understood that 49 leases expired in one of the larger apartment houses last October, and 41 were re-rented two months before that date, while there were no vacancies whatever after October 1.

Montreal's two new apartments are the last word in apartment house construction. The new Acadia is being erected in the heart of the residential and social district, and will have 667 suites. It is opposite the Ritz Carlton Hotel.

The Chateau is being erected by a company known as Montreal Apartments Ltd. It will be the finest and largest apartment house in Canada. It will be of the French Chateau type of architecture and is being erected on Sherbrooke St., close to the theatrical, residential and business districts. Rents will be the highest of any similar structure in Canada, but there will be many features not found in other apartments. The building will be built around a centre court with courtyard entrance and private driveways. The several sections of the building will be served by twelve elevators giving individual elevator service for each block of apartments. The building will be steam heated, will have electric lights and refrigerating plants and similar modern equipment.

Similar Situation Elsewhere

While Montreal is the outstanding apartment city of Canada, the situation in the other larger cities is similar. Toronto, the city of homes, is rapidly developing a keen demand for up-to-date apartments and, as outlined elsewhere, there are now a number of fine apartments in course of construction in various parts of the city the Ellis and the St. James Courts are typical of the thoroughly modern class of house being built.

Vancouver and Ottawa are similarly situated with regard to new apartments, there being a number of fine buildings in course of erection and already occupied in both cities. Winnipeg reports that fewer houses and apartments are vacant than during recent years, and that some 450 houses were built throughout the city last year. The city's population is increasing rapidly.

APARTMENT HOUSE DEMAND KEEPING AHEAD OF SUPPLY

Population Growth and Building Depreciation Causes Shortage

The tendency everywhere prevalent to segregate in urban centres has given rise to a myriad of new and complicated problems. After a city reaches a certain size, the lack of available space precludes the possibility of each family residing in individual houses, and the apartment is invariably the solution. Furthermore, immigration which has been at a low ebb since before the war, is beginning to assume larger proportions once more, and every indicator points to a large inflow of new citizens within the next decade. True, these newcomers do not at first reside in the apartment type of residence as a rule, but they create a demand for the cheaper type of house and this in turn, tends to create a scarcity all along the line. This is accentuated at the present time by the fact that large numbers of citizens are returning from the United States to take up their residence again in Canada.

In addition to the preference for the apartment for the reasons mentioned, the convenience of this type of residence has a strong appeal for the present generation. The fact that the servant problem in Canada is becoming more and more complex suggests the apartment as a solution. If it is impossible for the family to obtain and retain the services of satisfactory domestic help, then the obvious solution is to live in an apartment which needs less attention, and which is often supplied with adequate janitor and other service. With a central heating plant, there is eliminated one of the distressing sources of labor connected with the house.

The central heating system suggests itself also from the standpoint of fuel economy. It is evident that there is much less waste of fuel in heating ten or one hundred apartments under one roof than the total amount of heat required for the same number of houses.

MARCUS LOEW'S THEATRE

The accumulated preferred dividends on Marcus Loew's Theatres, Toronto, will not be funded, as proposed, solicitors having ruled such a step illegal. The retirement of second mortgage bonds will thus go on and when wiped out, dividend arrears can be paid when first mortgage interest and sinking fund changes are taken care of.

U.S. Provides an Example in Regard to Real Estate Bonds

It is estimated that to-day more than eighty per cent. of the financing of office buildings and apartment houses in the United States is effected through the flotation of real estate bonds. Will this example be followed in Canada? An answer in the affirmative seems reasonably warranted.

Chicago sets up a claim as being the birthplace of the real estate bond as it is popularly known to the investors of the United States and Canada to-day. The Chicago Evening American says that the idea was conceived back in 1890, came into being about the turn of the century and struggled through the next decade before it began to really flourish. To-day it is estimated that some thirty investment bankers in the Windy City have raised about $800,000,000 on real estate mortgages without loss to any investor.

What has been accomplished in Chicago is merely an indication of what is going on throughout the United States. And what has been accomplished in the United States seems likely to be duplicated in this country. Real estate bonds are still in the testing-out stage with the Canadian investing public, but in the past few years they have been gaining in popularity in a manner which leads to the conclusion that their general acceptance will be accomplished even more quickly than it was in the United States. In this country we have the experience of our neighbor as a guide, and so the testing stage should be more quickly passed if the business is kept in sound hands and the bonds issued are soundly secured.

Realty Bond Issues Become Popular in 5 Years Time

Real estate bond issues are coming into considerable popularity in Canada, judging from the frequency with which issues are coming out of late. At the present time there are several issues in course of being placed by Montreal and Toronto houses. From the table appended below it will be seen that it is just five years ago this month that the first realty bond issue was introduced, covering two Loew's Toronto theatres, and amounting in all to $600,000. Since then raising funds for construction by this method has spread to stores, bank and office buildings, hotels, theatres and the latest is a garage apartment.

These bonds are proving attractive with investors. The yield is fairly generous, ranging for the most part fractionally higher than first mortgages. This is especially true of late since there has been a lowering of the general mortgage rate to 6½ per cent.

Date		Company	Amount	Rate	Maturity	Price	Yield
	1919	Loew's, Toronto	$ 600,000	6	Serial	...	...
April,	1921	Can. Apartments	50,000	...	....	...	...
Sept.,	1921	Border Cities Hotel	850,000	7½	Serial	100	7.50
March,	1922	Booth Bldg.	750,000	6½	1937	100	6½
June,	1922	Carleton House, Ltd.	79,000	...	....	...	...
June,	1922	Transportation Bldg.	1,000,000	Sold in U.S.			
July,	1922	Professional Offices	275,000	7	Serial	100	7
July,	1922	Federal Bldg.	550,000	7	1937	...	...
Aug.,	1922	Mont. Med. Bldg.	900,000	Sold in U.S.			
Nov.,	1922	Ogilvy Realty	800,000	6½	1952	100	6½
Dec.,	1922	Windsor Hotel	2,500,000	6½	1943	100	6.50
Jan.,	1923	Mont. Ins. Exch.	2,200,000	6½	Serial	100	6½
April,	1923	Drummond Inv.	2,000,000	6½	1938	99	6.60
June,	1923	Keefer Realty	750,000	6½	1943	100	6.50
June,	1923	Canada Housing	600,000	6½	1943	100	6½
June,	1923	La Patrie	500,000	6½	1943	97½	6¾
July,	1923	Can. Property Co.	1,300,000	6½	Serial	100	6¼-½
Nov.,	1923	Devonshire Apts.	450,000	6½	1938	100	6½
June,	1923	Barrington St. R.	160,000	7	1938	100	7
Feb.,	1924	Cavendish Court	450,000	...	....	...	...
April,	1924	Ouelette Apt.	50,000	7	Serial	...	...
June,	1924	Drummond Inv.	650,000	7	1938	98½	7.15
July,	1924	Victoria Manor Apt.	135,000	7	Serial	100	7
July,	1924	Border Cities	500,000	7	Serial	100	7
July,	1924	King Edward Hotel	1,000,000	7	Serial	100	7
Aug.,	1924	Metropolitan Bldg.	1,025,000	7	1944	100	7
Aug.,	1924	Acadia Apts.	850,000	6½	1939	98½	6.65
Sept.,	1924	Med. Arts Bldg.	550,000	8	1937	101	...
Oct.,	1924	Northern Ont. Bldg.	850,000	6½	1939	98½	6.65
Nov.,	1924	Admiral Beatty Hotel	600,000	7	....	100½	6.95
Dec.,	1924	Kensington Manor Apts.	95,000	...	....	...	...
Jan.,	1925	Montreal Apts.	1,875,000	6½	1940	98½	6.65
Feb.,	1925	St. James Court	250,000	6½	Serial	100	6½
		Ellis Park Court	275,000	7	1945	100	7

MORTGAGE BONDS FOR NEW BUILDING GAIN POPULARITY

Relatively New But Rapidly Expanding Method of Financing

SECURITY THE APPEAL

Safe Channel for Investing Capital as Well as Means of Developing the Country

Rather than being a completely new departure in financing methods, the Real Estate Mortgage Bond method of financing is nothing more than the natural application of the old mortgage principle, to the construction of larger buildings than one individual would be able to undertake. A mortgage is the transfer of real or personal property as security for the payment of a debt. In this instance the debt has been incurred for the sole purpose of constructing the building in question, and the mortgage is given over to the investing public, having been broken up into small units, each unit representing a share of the security.

With the rapid growth of our modern cities, and the consequent use of larger buildings, both for business and for residential purposes, the individual who was accustomed to loan his money in the form of a mortgage on buildings constructed or, in course of construction, encountered increasing difficulty in finding suitable property, in an area with which he was familiar, and small enough to be within his limited means, in which to place his funds. Furthermore, it became more and more difficult to arrive at the true value of any property, in relation to the face amount of the mortgage.

Alongside these changes there has been a constantly growing fund of savings, available for investment, in the hands of a larger number of persons. While a large proportion of this surplus of capital has always sought a high return in some speculative enterprise, much of it insisted on safety at a somewhat lower yield. It was, therefore, no great step to provide this new body of investors with what they were looking for, by dividing the mortgage up into a number of small units or shares, so that the individual would be able to purchase one or several units. A double advantage is, therefore, served; the construction of large modern buildings is made possible,

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LEASEHOLD BONDS GAIN POPULARITY IN UNITED STATES

Mortgage Upon Fee Usually Subordinate to the Lease

FIXED RENTAL BETTER

First Mortgage on Long Time Lease Subject to Payment of Ground Rent

By OWEN A. LOCKE,
Tillotson & Wolcott Co., Cleveland.

While long time leases are not of recent origin, having been in use in Europe for more than 100 years, the use of such leases in America as security for mortgage loans is a development of the last 25 years, and the popularity of bonds issued against such security has been achieved within the last 15 years. Because of the comparatively short history of these securities in this country, thorough knowledge of them is by no means general, and it is assumed that bankers who have had little or no experience in the field should enter it deliberately and with caution.

It must be remembered at the outset that a first mortgage upon a long time lease is subject to the payment of the ground rent or rental charge as stipulated in the lease. Both ground rent and taxes are charges prior to the interest or principal of the mortgage upon the lease. The desirability of such loans depends upon the relation of values between improvement and fee and upon the terms of the lease, particularly those relating to rentals, whether fixed, graduated or determined by appraisals, upon the recovery provisions, if any, at the expiration of the lease and upon other conditions as discussed in the following paragraphs. It goes without saying that the banker should "lay all these cards face up on the table" by setting forth in his circular all of the important facts and conditions affecting the security, including the important provisions of the lease. The practice in the past, indulged in by the small minority, of printing "first mortgage" in large type and "leasehold" in small type in the body of the circular, or any other attempt to disguise the real nature of the security should not be countenanced.

The general rules that have been recommended by your committee and widely accepted as good practice in the handling of first mortgage loans on city property should also be carefully observed in making leasehold loans. A thorough study should be made of the conditions affecting the value of the property under lease. It is essential that its location and the other conditions affecting its value should assure prospects of enhancement in the value of the land, or stability of its value for years to come. Stability of value may be sufficient in the case of leases in which rentals are fixed and do not increase; but in the case of those that require increased rental payments as time goes on, it is obvious there must be adequate assurance of enhancement in land value.

Thorough Study Essential

In the case of leases that provide for re-appraisals to determine future rentals an especially careful and thorough study of conditions affecting the value of the property is imperative. It is obvious that an increase in rental, if not accompanied by a proportionate increase in earning power, may decrease net earnings. Loans upon such leases should, therefore, be approached with caution. The degree of caution naturally depends upon the imminence of the date fixed for re-appraisal. Less care may be necessary if the term of the lease, at a rental already fixed, is sufficiently long to give ample assurance of repayment of the loan well before the date of re-appraisal. Much more consideration is required if the date of re-appraisal is close at hand.

It seems obvious that leases that call for a fixed rental, without increase and not determined by re-appraisal, afford better security than other kinds. In such cases enhancement in the value of the land accrues to the lessee and not to the owner. The longer such leases have to run the greater may be the enhancement in the value of the lease. This factor has been a very important one in the history of leasehold financing.

Conditions affecting the value of the improvement as well as those affecting the value of the land should have full consideration. The adequateness of the improvement is of great importance in the case of all loans on city property, but is of even greater importance in the case of loans on long time leases, especially those in which rentals are graduated upward, or determined by re-appraisals.

Thorough consideration of the earning power of the property is also more important in the case of long time leases than in the case of ownership in fee simple. In this consideration due regard should be given to the proportion of the gross earnings required to be paid by the terms of the lease as charges prior to the principal and interest of the leasehold loan. These charges, consisting mainly of ground rent and taxes, seldom decrease; they usually increase as time goes on regardless of fluctuations in gross earnings. It is obvious that the greater the proportion of gross earnings required for the fixed charges of the lease, the more the security of the lease would be affected by impairment of earning power; also that the smaller the proportion required for such fixed charges the less would the security of the lease be affected by such impairment. There should be, of course, adequate assurance, even under adverse conditions, of earning power amply to meet the fixed charges under the lease, and the interest and principal of the leasehold loan.

In the investigation and consideration of land, building and leasehold values and of earning power, competent authorities of wide experience in the leasehold field should, of course, be consulted, and if the loan is made, in the sale of the securities the conclusions of these authorities should be set forth in the descriptive circular. Since leasehold securities are not widely understood by the investment public, we repeat that special pains should be taken to set forth in descriptive circulars accurate and full information including the important provisions of the lease.

The lease itself should be studied in all its aspects. Its value as security for a loan may be increased by an option to purchase the leased property or may be seriously impaired by burdensome restrictions or unusual provisions. The banker should figure out and state frankly where the bondholder will stand at expiration of the lease, if there is any likelihood of his being a factor in the picture at that time, who will own the buildings, etc. In short time leases the provisions for renewal, if one be granted, or if not, the provisions for the respective rights of lessor and lessee upon termination of the lease, become important. Short time leases that do not by their terms provide for renewal or for proper protection of the interests of the lessee upon termination of the lease, are not usually regarded as satisfactory security. Within the scope of a brief report, it is impossible to set forth all of the provisions of the lease that may affect its value. The ones we have mentioned are only suggestive of the study of the lease that should be made by the banker.

Legal Aspect Important

A similar study should be made from the legal standpoint. The sound advice of competent counsel of wide experience in this field is indispensable. Certain provisions of the lease, such as the reservation by the owner of the right to mortgage his fee simple title to the property, may vitally affect the legal status of the lease. A mortgage upon the fee simple title to leased property unless subordinated to the lease, may become a threat, however remote it may seem, against the security of the lease.

In a few instances of late, large loans have been made upon leases that are subject to such a mortgage upon the fee. Various member houses differ in their attitude toward such loans. In at least one of our larger cities, where long time leases and their use as security for mortgage loans have been common for many years, it is almost the universal rule to require that a mortgage upon the fee be subordinated to the lease. It seems obvious that this latter is the better practice, and should be achieved if possible, and that a considerable degree of caution should be observed in making loans upon leases that are subject to a mortgage upon the fee.

Generalizations are dangerous in this as in other fields. However, it is perhaps a fair statement that mortgage loans upon long time leases are most desirable when the property under lease is centrally located in the business section of a growing city where stability or increase of real estate values, or of earning power, is best assured. At present, much of the property under long time leases is of that general type. Already, however, there is a tendency toward the use of leases for the control of property not of the kind we have mentioned. For that reason emphasis in this report has been given to matters that might otherwise remain unmentioned.

In conclusion it may be said that while leasehold loans, when carefully made, have been and may be the basis of many sound investment securities, and may become a powerful factor in the development of our cities, the making of such loans should not be undertaken without careful study of the general principles involved nor without the most thorough investigation and consideration of all conditions affecting the particular lease, as well as the particular property involved.

Evidence of Safety Mortgage Securities

Some evidences of the safety of real estate mortgage securities are summed up in a report recently issued by the mortgage and finance division of the National Association of Real Estate Boards of the United States, thus:

"Twenty-eight Chicago mortgage bankers have loaned $729,000,000 without loss to any investor.

"Forty-four life insurance companies have during the past two years increased the percentages of their mortgage investments. For instance, the Penn, Mutual Life Insurance Company of Philadelphia on July 25, 1923, reported an increase in assets of $10,000,000, all of which gain has been invested in first mortgages on improved real estate.

"A bill has been drawn by the mortgage bankers of Chicago which will prevent the operation in Illinois of any unreliable mortgage or mortgage bond concern.

"Here is the evidence that there is profit in mortgage securities:

"A scientific survey of the 201 life insurance companies, recently completed for the National Association of Real Estate Boards, shows that mortgage investments have an average advantage of 1.49 per cent. over investments in stocks and bonds. This actually means a 25 per cent. advantage in favor of mortgage investments. That is, the average gross rate on mortgages is 6.1 per cent.; on stocks and bonds 4.6 per cent. Thus, the 1.49 per cent. income is about 25 per cent. of the average income on stocks and bonds."

LOVE OF HOME MAKES RENT PAYMENTS SURE

This Basic Instinct and Necessity of Having Business Quarters Lessens Rental Defaults

"Even the most craven man will fight for his home and fireside."

This statement is axiomatic, but has many applications, among which is this, that the love of home and the grim necessity of shelter makes real estate one of the most defended of all classes of property.

Fear of the loss of the old farm through the foreclosure of the mortgage has been the theme of many a thrilling drama and touching poem, and through the romance of the story there has always run the thread of realism— that the security of the home is the most protected security and the loss of home the greatest calamity. This cold fact makes an investment, backed by the individual home, or the composite home of the great apartment dwellers, one of the safest, for refusal to pay rent means loss of home, and default in rent paying is one of the fewest defaults in ordinary business.

Pay Rent First

The logic of the above is the answer to many inquirers, who are still puzzled in their minds as to this, to them, new form of investment, known as the First Mortgage Real Estate Bond. In general, the simile between the bond and the mortgage is that the bond of $100 or $1,000, or whatever the sum is, is a part of a larger investment, made by a number of people and secured by a mortgage for the gross amount on some property of sufficient value and earning power to justify it.

The following points may be of use in explaining the security of such an investment:

Rental and mortgage payments must be among the first made, for the reason that shelter is the first necessity of man. No man can put off very long paying his rent or his mortgage and still be permitted to enjoy his apartment or home. The earnings of real estate properties are more dependable and stable, covering a period of years, than the earnings from many other classes of property. Rentals do not suddenly drop. Nor do rentals ever drop very decidedly. During the past twenty-five years they steadily have risen.

Real Estate Market Steady

Improved real estate has a market and usually can be turned into cash in a very short time should liquidation of the security be necessary. City and county real estate boards maintain active exchange and sale markets for improved city real estate. The depreciation of buildings on city real estate is slow and is offset by serial payments on the principal, by appreciation in land value and by the constant increase of construction costs. (An authoritative engineer-executive shows that there has been an average annual increase in the cost of construction of 2½ per cent. the past twenty-five years.)

Real estate bonds do not fluctuate in price or market value as a result of manipulation or of sudden changes in industrial conditions.

MORTGAGE BONDS FOR NEW BUILDING GAIN POPULARITY

(Continued from page 17)

and a safe and relatively remunerative form of investment is provided. Furthermore, the investor is relieved of the necessity of making a full investigation of the property before risking his money. He is relieved of the trouble of making an appraisal of the security and earning power of the property. The legal details of securing a clear title, the collection of interest payments personally, the gaining of assurance that the property is taken care of, that insurance is kept up, and that taxes and other necessary charges are paid up, is all taken care of. Without any delay or worry, the holder of the real estate mortgage bonds obtains his interest by simply cashing a coupon at his bank. The investor has a readily saleable bond, usually running from 3 to 15 years, in convenient size, and amply secured by a sinking fund.

Long Popular in the United States

It is for these various reasons that the real estate mortgage bond is proving so popular to the investor. For many years it has been a recognized and popular form of investment in the larger United States cities, and has made possible the rapid development of the construction of larger buildings there. It is somewhat newer in Canada, but Canadian investors are now becoming thoroughly familiar with it, and it is taking its place alongside the industrial, public utility and railroad bond. Today real estate construction requires millions of dollars annually. These are times of the 1,000-room hotel and the 100-suite apartment house, and it is no longer possible to find single individuals who are able to finance these large enterprises, or who care to tie up all their funds in one enterprise.

Sinking Fund Requirement

As intimated above, the real estate mortgage bond loan normally requires a large margin of security for the principal, and it is virtually a mortgage on the earning power of the property concerned. Half yearly or yearly payments are required to be paid out of current revenue to a trust company to be applied on the interest payments as well as towards building up a sinking fund which often requires the entire amount of the issue, or a large percentage of it, by maturity. This latter may take the form of serial maturities, but in any event the total amount of the bonds is gradually decreased during the life of the loan, and the equity behind each bond increases proportionately as the loan is reduced, and the property increases in value. Furthermore the close personal supervision of the security behind these bonds is next to impossible in the case of the average collateral behind industrial or corporation bonds. Interest and principal payments alike in the case of the latter are much more subject to fluctuations in general business and changes in inventory values.

Summing up the various safeguards which are directed to further the safety of the real estate bond, a leading feature is that the proceeds of the bonds are paid in to the trustee, and are paid out by him gradually against progress certificates to 80 or 90 per cent. of the value of the work done, the balance being retained until the work is finished. A guarantee bond is usually required to assure the completion of the work. After the building is occupied, ample insurance is provided against such things as fire, elevator liability, depreciation, etc. Then again, the selection of the property takes into account the growth of the district with the maximum of probability that the property will appreciate in value.

What has been said should not be interpreted to mean that the mortgage bond is always 100 per cent. sound as a form of security. The investor should see that the title to the property is certified by a responsible firm of solicitors or title guarantee company. He should see that the holder of the equity in the property, junior to his bonds, is of undoubted financial standing and possesses ample resources to safeguard his interest in the property. He should know the proportion of the bond issues in relation to the appraised value of the property. Normally 65 per cent. is considered a proper limit of security.

Real Estate Bonds

BELOW we quote a list of the more important Real Estate Bond Issues which we have either originated or in connection with which we have had participations in the sale of securities and which comprise some of the best Real Estate Bonds on the Canadian Market.

		Bonds at present outstanding
$ 600,000	Marcus Loew's Toronto Theatres Limited First Mortgage 6% Bonds	$ 428,000
$ 850,000	Border Cities Hotel Co. First Mortgage 7½% Bonds	$ 835,000
$2,000,000	Drummond Investment Co. First Mortgage 6½% Bonds	$2,000,000
$1,000,000	King Edward Hotel Co. General Refunding 7% issue	$1,000,000
$ 750,000	Keefer Realty Corporation First Mortgage 6½% Bonds	$ 750,000
$ 250,000	National Realty Corporation First Mortgage 7% Bonds	$ 250,000

Now being issued

Information in regard to or particulars on these various issues will be gladly furnished on request.

W. A. MACKENZIE & COMPANY

Investment Bankers

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Chateau Apartments, Montreal, in course of construction.

Concrete Construction Means Fire-Safety and Permanence

The modern apartment house — when built of reinforced concrete — offers an attractive field for investment. The very name "Concrete" suggests strength, safety, permanence.

Concrete construction means freedom from fire-risk. It offers a wide range of architectural treatment to enhance the building's rental value. It is economical to build with, thereby limiting the amount of capital necessary and assuring its earning power. Opportunities of this type are eagerly sought by shrewd investors.

Much Building Activity Noticeable This Year

Prevailing low prices of cement and the fact that Federal statistics show that building costs generally have declined to pre-war levels has stimulated building all over Canada. Are YOU taking advantage of the economies offered by furthering YOUR building plans?

Canada Cement Company Limited

Canada Cement Company Building
Phillips Square - Montreal

Sales Offices at: Montreal Toronto Winnipeg Calgary

CANADA CEMENT CONCRETE FOR PERMANENCE

TITLE HELD BY TRUSTEE UNTIL LOAN IS RETIRED

Security of Long Term Bond Thus Increased Each Year

One of the first questions often asked by the prospective investor in real estate mortgage bonds is "who holds the mortgage." In the case of the old-fashioned mortgage, the lender of the money gained control of the mortgage as well as the borrower's note. That was all very simple, but what happens to the mortgage in the case of a real estate bond issue?

The real estate mortgage is the conveyance of title to a certain property to secure the payment of an obligation. The borrower retains possession of the property so long as he fulfills his contract, and on completion of same, regains possession of the title. In the case of the real estate bond, the direct mortgage is replaced by a trust deed which conveys title to a third party, usually a trust company. The builder of the apartment or office building in question who borrows money from hundreds of lenders, surrenders his title to a trustee in trust for all the lenders. The investor holds the bonds, which are virtually notes for the amount of their investments, against the trust deed. Some of the notes may run for three years and some for five or six. Agreement has been made that the borrower pay such a part of the principle as will meet each note as it falls due.

The new system, therefore, differs from the direct mortgage plan where none of the principal could be paid until the entire amount was due. In that case the borrower was often obliged to keep the money idle and continue to pay interest on it until the loan matured. By the new method, the borrower reduces the face of the loan and, therefore, the interest annually, by paying off a proportion of the bonds. The trustee, however, does not surrender the title until the principal in full, and all the interest, have been paid. In this way the holders of long-term bonds have gradually increasing security for the interest and principal, as the early payments are wiped off.

The protection of the individual bondholder in the case of the real estate bond is protected by virtue of the fact that the bond house underwriting the issue assumes responsibility for its repayment at maturity, and makes a very definite and clearly defined arrangement for repayment with the borrower. The repayment is spread over the life of the loan. The investor who wishes a short time investment may have it. When it matures he is paid, and the obligation is reduced to that extent. The security for the balance of the investors, however, is not impaired, but is strengthened, as stated above, since the lien on the property remains intact "in toto" until the last payment is made and the last bondholder satisfied. This protects the long-term bondholder from any risk that might otherwise arise from depreciation in the value of the property.

The Quebec earthquake has created quite a demand in Canada and Eastern States for earthquake insurance. Coverage is being readily sold, especially where mortgage interest is involved. New licenses are being secured at Ottawa and it is understood that policies provide fire damage following the quake, as well.

Old Melodramatic Mortgage Gets a New Part

From The Chicago Evening American.

Remember the old-time melodrama where the mortgage on the old homestead was the central theme, with the honest but hard luck stricken father of a large family, the sympathetic appeal, and the hard-hearted, nickel squeezing deacon, holder of the mortgage, suitor for the daughter, and coveter of the farm, the villain?

Well, that may still go in melodrama, but as a modern business scenario it is passe. The modern development of building loans, where vast sums are needed to finance vast enterprises, has raised the mortgage, and its children, the real estate first mortgage bonds, from a blanket of worry to a plane of eminent respectability, and radically changed the positions of lender and borrower.

Instead of the out-of-luck home owner, the borrower is as apt to be the controller of millions, and instead of a cold blooded usurer, the lender is in the main the honest hard-working son of thrift. A man with $2,000,000 of his own may want to borrow another million to complete a three million dollar office building or hotel. The men who come to his rescue may be the laborers on the building, or the help he may later employ in operating it.

The thrifty workman or clerk or small tradesman who saves a few hundred dollars, is able, under the present system of negotiating large loans, to purchase a piece of the $1,000,000 mortgage.

The first mortgage real estate bond, which makes both the great loan and the small investment possible, has become one of the potent agencies in our national building program, which, according to surveys made by many experts, is going on steadily.

And if the thrifty soul has purchased his bond from a reliable bond house, he needn't worry about his interest, or the necessity of having to foreclose to get the principal back when due. Neither need the borrower if he has followed all the rules of reputable bond houses in floating the loan, worry about being able to meet the interest and principal payments.

So efficiently does the first class bond house work out the details of every loan it underwrites, and sells to its clients, that the earnings of the building take care of all charges, and meet all payment requirements. No winter frosts that kill off the cattle, or summer hail that ruins the crops, or sickness in the family, can interfere in the working out of these payments.

If the house underwriting the loan has done its work properly, secured conservative appraisals of the property offered as security, kept the ratio of value and loan to the proper limits, made the proper requirements as to earning covering interest and principal liquidation, and continues its watchfulness to see that the property is efficiently managed, only a general commercial or industrial catastrophe can interfere with the successful working out of the loan.

Therefore, in investing in first mortgage real estate bonds, the character of the house offering the loan is the best safeguard for the investor.

PUTTING AN EQUITY BEHIND REALTY BONDS

Usually Require Substantial Investment Apart From Bond Issue Proceeds

First mortgage bonds on apartment houses are usually considered the best issues of this type. This is because housing is considered to be one of the prime essentials of man's existence along with fuel and clothing. As long as an apartment house meets the prevailing scale of rents it is almost certain to be filled.

Office buildings are often ranked next to apartment houses with hotel securities considered somewhat more risky, but only to a degree if they have been issued upon conservative valuations and to the value of not more than 60 per cent. of the funds actually invested in the property.

Apartment issues are seldom more than 60 to 65 per cent. of the amount actually put into the investment in lands and buildings and equipment. Usually the holder is required to own the land outright and invest a certain amount of money for which he will take preferred stock debentures or second mortgage bonds. In addition the contractor is required to take debentures and second mortgage bonds as part payment and in this way a junior equity is built up, which strengthens the first mortgage issue.

Where this is not followed out, it is quite likely that the most conservative methods of financing have not been adopted and the real estate mortgage bonds are not to be regarded as strong bonds of developments that have been financed on a better basis.

BUILDING SURVEY PROVIDES BASIS FOR CONSTRUCTION

Economist Makes Careful Study of Normal Demand for Residences

A valuable study of the building situation in the city of Chicago has been made by W. C. Clark of S. W. Straus & Co., with a view to ascertaining approximately the number of buildings required by the city during a given year. The method adopted will be seen from the following excerpts from a report of the survey:

According to the Chicago Zoning Commission, there were in Chicago on January 1, 1922, 580,000 residence units. Deducting 14,233 residence units built in 1920 and 1921 and allowing for, say, 2,200 demolished or destroyed by fire in these two years, we find that on January 1, 1920, there must have been about 567,967 residence units. According to the United States census, the population of Chicago on January 1, 1920, was 2,701,705 persons, or 623,912 families. Therefore, it would appear that there were 55,945 (or, roughly, ten per cent.) more families in Chicago than residence units. This, however, is probably an over estimate of the actual shortage. According to an elaborate investigation made by the Illinois Bell Telephone Company in 1920, there were living in lodging-houses, small hotels, and light-housekeeping rooms at that time, 18,358 families, and in large residential hotels, probably 4,000 families, a total of 22,358. The remaining 33,587 families were presumably "doubling up."

The telephone company estimates that, of those families which were "doubling up," one half would occupy separate residence units, if units of the right type were available. According to our figures, therefore, 16,794 residence units were needed on January 1, 1920, for those who were "doubling up." This figure may be taken to represent the actual shortage on that date, if no allowance be made for normal vacancies.

With this figure as a basis, we can make a reasonably accurate estimate of the situation to-day. According to the estimates of the United States census, the population of Chicago increased, in 1920-23, by 210,833. Allowing 4.33 persons per family, there are, therefore, 48,691 more families in Chicago to-day than on January 1, 1920. This means a total of 672,603 families. Each year a certain number of residence units are torn down or destroyed by fire. While no definite figures are available, the following estimates for the last four years seem not unreasonable: 1920, 1,000; 1921, 1,200; 1922, 1,800; 1923, 2,300; total, 6,300. Finally, allowance must be made for a normal number of vacancies.

Records of the telephone company, confirmed by the experience of other public-utility companies and of real estate firms, show that "there appears to exist a normal per cent. of vacancy, which probably averages not less than four per cent. for the entire city." The briefest consideration will show that some such percentage of vacancies should always be available, if tenants are not to be at the complete mercy of the landlords, and if there is to exist any flexibility at all in the selection of one's living quarters. It is also probably true that, at any given time, a certain percentage of existing residence units are practically unrentable because of wrong location, unsuitable type, or physical deterioration. If, therefore, we assume that, to provide normal conditions, there should exist residence units four per cent. in excess of the number of families demanding them, we find that the number of surplus residence units to-day should be four per cent. of 676,603, or 26,904.

Estimated Number of Residences

Summing up, then, we find that in the last four years the following residence units should have been built: estimated shortage on January 1, 1920, 16,794; required by growth in population, 48,691; required to make up for units demolished or burned, 6,300; required to provide normal supply of vacancies, 26,904; total, 98,689.

The records of the Chicago Building Commissioner show that in the last four years, permits have been issued for the following residence units:

	1920	1921	1922	Feb. to Dec. 12 1923
One-family dwellings	1,826	4,608	6,390	7,863
Apartment units	1,091	6,708	18,125	23,768
	2,917	11,316	24,515	31,631
Total . . ..1920-23—70,379				

To this, should be added the increased number of families taken care of in residential hotels and lodging-houses since January 1, 1920, say, 2,000; showing an apparent deficit of 26,310. With building even at its present unprecedented rate in Chicago, and allowing for the city's normal growth, it would take nearly one and a half years to make up this apparent deficit. This does not mean, of course, that the city may not already have caught up to the present demand for certain types of living accommodations or to the demand in certain districts. The foregoing study of building permits was therefore supplemented by a field survey which covered the more important buildings and real-estate agencies in the various residential sections of the city, and which was designed to secure information as to the supply of and demand for various classes of living accommodations in the different districts, the number of vacancies, and the trend of rentals. A study has also been made of the office-building situation in Chicago.

It is evident that if such local surveys were carried out in all sections of the country and in connection with all types of building, their results could be brought together in such a way as to give a comprehensive picture of conditions in the industry as a whole and provide a sound basis for a forecast of future construction activity.

Obsolescence, Depreciation Told in Simple Language

In estimating the security behind a first mortgage real estate bond issue investment houses consider the factors of obsolescence and depreciation. Allowance must be made for these or the security is likely to be considerably weakened before the maturity date of the last of the bonds issued on the building.

The average investor is inclined to feel that obsolescence and depreciation are one and the same thing, whereas the investment bankers treat them as entirely separate. Obsolescence is the loss of value in the building due to its going out of date in design, equipment and service facilities. Depreciation is the decline in value of the building due to actual wear and tear.

The difference between obsolescence and depreciation might be explained by reference to the hats that men and women wear. A woman's hat is out of date and discarded before it is worn out. In other words the obsolescence is a more important item than depreciation. In the case of a man's hat, he is likely to hang on to his hat and to refuse to admit that it is out of date until it has lost so much of its wearing qualities as to finally require it to be thrown away.

To the man who buys Real Estate Mortgages

First Mortgage Real Estate bonds on centrally located property in districts of assured permanence, which are backed by a large margin of equity over and above the amount of bonds issued, provide the security of the old-fashioned mortgage, plus the advantages and conveniences of a bond investment.

The personal supervision often necessary with the old-time mortgage is eliminated.

Interest is collected simply and promptly by the deposit of coupons in your bank, and markets are available for the securities.

You can secure two sound bonds fulfilling these requirements which we offer:—

DRUMMOND INVESTMENT COMPANY

First Mtge. 6½% bonds at 100 to yield 6.50%.

The Drummond Apartments are situated in the permanent centre of Montreal the largest building of its kind in Canada's largest city. The apartments were all promptly rented upon completion.

ACADIA APARTMENTS LIMITED

First Mtge. 6½% bonds at 98½ yielding 6.60%.

Situated on Sherbrooke Street opposite the exclusive Ritz-Carlton Hotel, built by Thompson-Starrett Co. Ltd. and now nearing completion. The site of these apartments is considered one of the most valuable in the city. The owner, Hon. N. Curry, guarantees payment of the interest on the bonds for the first year of operation after completion.

Write or Telephone Dept. 4 for particulars

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also Mount Royal Hotel Building

TORONTO
14 King Street East

OTTAWA
46 Elgin Street

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Real Estate and Building Issues

Acadia Apts.

The Acadia Apartments, in Montreal, is now practically completed and is being rented. This apartment house is being constructed on lines that are in keeping with its location in the heart of Montreal's residential district.

The apartment has 57 suites, and the rentals will be larger than the average Montreal apartment, and this is to be expected from the location and services that will be provided.

Rentals have been on a good basis, justifying the hopes of the builders, and insuring interest on the first mortgage bonds which were offered to Canadian investors at the time the apartment was put in hand.

Capitalization—

	Auth.	To be Issued
6½% 1st mtge. bonds	(closed)	$850,000
7% gen. mtge. bonds	200,000	100,000
7% preferred shares .	400,000	400,000
Common shares	200,000	200,000

Bond Issue—

6½ per cent. 1st (closed) mortgage 15-year sinking fund gold bonds. Dated Sept. 1, 1924, maturing Sept. 1, 1939. Principal and interest payable in Canada only. Denominations $1,000 and $500.

Sinking fund, semi-annual payments of $12,750, commencing March 1, 1928.

First offered in August, 1924, at 98½ to yield 6.65 per cent.

Adm. Beatty Hotel

The first mortgage bonds of the Admiral Beatty Hotel Company of St. John, N. B., were offered to the public a short while ago. This hotel is being erected by the United Hotels Company chain, and will be completed in about six weeks. Junior to the bond issue is an issue of $600,000 of common stock issue, and the sale of the junior securities put an equity behind the bonds that gave them considerable strength.

The issue was sold partly in Canada and partly in the United States.

The Admiral Beatty Hotel will have 184 guest rooms and will be located on the best site in St. John. The need of a modern hotel in New Brunswick has long been recognized, as hotel accommodation has been inadequate to cope with the growth in business traffic.

Capitalization—

First mortgage bonds, $600,000.

7 per cent. convertible debentures, convertible into preferred shares on July 1, 1925, sold with a bonus of common stock, $600,000.

Common stock, $600,000.

Bond Issue—

7 per cent. first mortgage twenty year sinking fund gold bonds, dated Sept. 1, 1924, and maturing Sept. 1, 1944. Payable in U.S.A. and Canada. First offered in October, 1924, at 100½ to yield 6.95 p. c., $600,000.

Barrington St. Realties

A comparatively small issue of first mortgage bonds is outstanding, secured by the Wentzell Block in the city of Halifax. This is one of the most important business blocks in the city, and consists of five separate buildings. The issue of $160,000 was made some time ago in the name of the owners, the Barrington Street Realties.

There was an interesting feature of this issue not always found in bond issues of any type. Trustees of the issue were given assignment of life insurance maturing three years before the bond issue, and having a face value of $100,000.

The buildings return a revenue sufficient to pay bond interest and common stock dividends.

Capitalization—

	Authorized	Issued
7% 1st mtge. bonds	$200,000	$160,000
7% cum. pref. shares	100,000	76,000
Common shares	100,000	100,000

Bond Issues—

7 per cent. first mortgage gold bonds. Dated July 1, 1923. Maturing July 1, 1938. Principal and interest payable in Canada. Coupon bonds in $500 and $1,000 denominations.

Sinking fund is provided by assignment of life insurance policies maturing in 1935, for $100,000. On payment of last assurance premium, or in event of policies being sold, assigned, transferred or surrendered, the company will pay to the trustee each year an amount equal to 2½ per cent. of bonds outstanding, together with 7 per cent. of bonds theretofore redeemed. First offered in September, 1923, at 100 to yield 7 per cent.

Booth Bldg.

While no financial statement has been issued of the Booth Buildings, of Ottawa, it is known that the buildings have been satisfactorily rented and the bond issue outstanding is considered to be of a very high grade. There are two buildings as security for the $750,000 of bonds issued in the name of the Booth Buildings. They are the Jackson Building, and the Booth Building in Ottawa, both of which house a number of governmental offices as well as many private individuals. The structures are owned by C. Jackson Booth, a wealthy Ottawa business man and son of J. R. Booth, the millionaire lumber king.

The bond issue originally made was for an amount of $750,000 against properties estimated to have a valuation of $1,800,000. This gives the bond issue an exceptionally high equity.

Bond Issue—

$750,000, 6½ per cent. first (closed) mortgage sinking fund gold bonds. Dated April 1, 1922, maturing April 1, 1937. Principal and interest payable in gold coin in Canada only. Coupon bonds of $1,000 and $500 denominations.

Sinking fund April 1, 1924, to April 1, 1929, 2 per cent. per annum; April 1, 1930, to April 1, 1935, 4 per cent.; April 1, 1936, to April 1, 1937, 5 per cent.

First offered March 15, 1922, at 100, to yield 6½ per cent.

Border Cities Co.

Border Cities Co., Windsor, has a bond issue covering real estate, but is also secured by sales already made and in addition is a first lien on balances due as well as other properties of the company. A trust company collects all payments, which are more than sufficient to pay interest and sinking fund charges.

Capitalization—

	Outstanding
Common stock	$904,500
7% preferred stock	904,500
7½% serial bonds	850,000
7% 1st mtge. bonds	500,000

Bond Issues—

7½ per cent. first serial bonds. Dated Sept. 1, 1921, maturing Sept. 1, 1924, to Sept. 1, 1941. Interest payable in Canada and New York. Denomination, $1,000.

First offered at par and interest in Nov., 1921.

7 per cent. first mortgage sinking fund gold bonds, maturing from 1927 to 1934.

First offered in July, 1924, at 100.

Canada Housing

Canada Housing Corp. was organized to build workmen's homes in Toronto and sold about $150,000 of bonds, erecting with the proceeds some 60-odd houses. Activity during the past year was not great, only a half dozen houses being erected. The company is marking time and will continue to do so until the housing demand becomes keener. The company erects $4,500 to $5,000 houses, which in the past it has had no trouble in selling.

Capitalization—

	Authorized	Issued
6½% mtge. bonds ..	$2,000,000	$600,000
Common stock	500,000	500,000

Bond Issue—

6½ per cent. mortgage gold bonds. Dated May 1, 1923, maturing May 1, 1943. Principal and interest payable in Canada only. Coupon bonds in $100, $500 and $1,000 denominations.

Sinking fund, beginning May 1, 1926, 1 per cent. of bonds issued, plus an amount equal to the interest on all bonds retired to be paid to the trustee to retire bonds of this series.

First offered in June, 1923, at 100, to yield 6½ per cent.

Canadian Property

Canadian Property Co., which controlled Home Bank offices, was financed by an issue of $1,300,000 serial graduated coupon bonds served by 21 buildings used as bank premises, and which were leased to Home Bank at a rental which provided a sum over the amount required for principal and interest. The company became involved because of the Home Bank failure. However, Strauss and Co., who placed and sponsored the issue, took it over and have met all interest payments, the holders of the bonds suffering no inconvenience. Quite a number of the properties have been disposed of.

Devonshire Apts.

An apartment of 122 suites, the Devonshire, was financed by real estate bonds, par value $450,000 in Vancouver. The issue has serial maturities, 1926-37, and are callable 105, first six years, then 103.

Capitalization—

6½% first mtge. bonds $450,000

Bond Issue—

6½ per cent. first mortgage serial coupon bonds. Dated Oct. 1, 1923, maturing Oct. 1, 1926 to Oct. 1, 1937. Bonds and coupons payable in Canada and United States. Denominations of $1,000 and $500 bonds in all maturities; $100 bonds in last maturity only. First offered in November, 1923.

Drummond Investment

One of the most successful apartment houses in Canada is the Drummond Apartment in Montreal, which is operated, with its sister apartment, the Drummond Court, by the Drummond Investment Company. Recently some statistics of the operation of the apartments for the latter part of 1924 became available. This would cover the period beginning with June 1, and would represent much less than the typical annual income of the apartments. Combined operation is understood to have resulted in a gross revenue of approximately $207,542, from which has been deducted operating expenses and taxes of $56,002. This left net earnings available for first mortgage bond interest, of $131,539, although the firt mortgage bond interest was only $75,833 in that period.

Both the apartment buildings are now fully rented to practically 200 tenants. There is a gradual increase in rentals from year to year, as leases expire and new leases are arranged at increased figures.

The Drummond is at the present time the largest apartment building in Canada. The first wing was erected in Montreal in 1919 by P. R. du Tremblay, one of the proprietors of La Presse and a second wing was erected in 1923.

Capitalization—

6½% 1st mtge. bonds	$2,000,000
7% general mtge. bonds ..	650,000
Common shares	1,700,000

Bond Issues—

6½ per cent. first mortgage sinking fund bonds. Dated June 1, 1924. Maturing May 1, 1938. Principal and interest payable in Canada only. Coupon bonds in $500 and $1,000 denominations.

Sinking fund of $50,000 per annum from May 1, 1925, to May 1, 1927, and $60,000 per annum from May 1, 1928, to May 1, 1937, will provide for redemption of $714,000 bv maturity.

First offered in April, 1923, at 99 to yield 6.60 per cent. Present price to investors around 99 to 100.

7 per cent. general mortgage sinking fund gold bonds. Dated June 1, 1924. Maturing May 1, 1938. Payable in Canada. Coupon bonds in $500 and $1,000 denominations.

Sinking fund of $10,000 per annum commencing May 1, 1925, will provide for redemption of $255,000 by maturity.

First offered in May, 1924, at 98¼ to yield 7.15 per cent. Present price to investors the same.

Ellis Park Apts.

Ellis Park Court realty bond issue of $275,000 is to finance construction of apartments on Bloor St., W., Toronto, overlooking High Park, and preparations for construction are now under way. There will be 57 suites of 292 rooms.

Bond Issue—

$275,000 7 per cent. first mortgage (closed) sinking fund gold bonds, dated Feb. 1, 1925, due Feb. 1, 1945. Sinking fund, semi-annual fund of $3,000 plus interest on bonds redeemed, commencing Feb. 1, 1926, payable August 1, and February 1, thereafter.

Insurance Exchange

Insurance Exchange Building, Montreal, was completed in the spring of 1924. One of the peculiarities of Montreal, is the fact that almost all leases expire on May 1, this, coupled with the fact that a number of other office buildings were completed at the same time, has delayed the renting of space somewhat. At the present time about 30 per cent. of the floor space is rented, but it is expected that by May 1 next an improvement will be experienced and that over 60 per cent. of the building will be occupied. The structure is Montreal's largest office building and occupies one of the most strategic positions in the heart of the financial district. Financing of the building was undertaken by S. W. Strauss and Co., who have guaranteed the bonds. Further rentals are constantly being made, and under the plan of financing, monthly payments are being made by the borrower to the trustee for the bondholders.

Capitalization—

6½% first mortgage bonds $2,200,000

Bond Issue—

6½ per cent. first mortgage serial coupon bond. Dated January 15, 1923. Maturing January 15, 1938. Bonds and interest coupons payable in Canada. Offered in January, 1923, at 100 to yield 6½ per cent.

Keefer Bldg.

The Keefer Building in Montreal was erected in response to demand that has been felt for some time for a modern office building in the uptown district. For many reasons, some engineers, manufacturers' agents, architects, and branch offices of out-of-town concerns desire to be located in the St. Catherine Street rather than in the St. James Street area. The Keefer Building went up last year and was partially financed by the sale of $750,000 of first mortgage bonds.

For a while rentals were slow, due to the fact that several buildings were completed or re-modeled at about the time the Keefer Building was thrown open for occupancy, but it is understood that rentals are now over 60 per cent. of the total space available and a number of new tenants are being booked to go in on May 1. During January and February, for instance, it is understood that ten or twelve new tenants were arranged and only one of the present tenants is moving out on the first of May.

Capitalization—

	Authorized	Outst'd'g
Capital stock	$1,000,000	$500,000
6½% 1st mtge. bonds	750,000	750,000
Second mortgage	50,000	50,000

Bond Issues—

6½ per cent. first (closed) mortgage sinking fund gold bonds. Dated June 1, 1923, maturing June 1, 1943. Principal and interest payable in Canada and New York. Coupon bonds of $1,000 and $500 denomination.

Sinking fund of $15,000 provided during the years 1926 to 1932, and $22,500 during years 1933 to 1942 inclusive.

First offered June, 1923, at 100, to yield 6.50 per cent.

King Edward Hotel

King Edward Hotel has placed in the hands of the public $1,000,000 of a $3,500,000 issue of first Refunding, Sinking Fund Mortgage 7 per cent. gold bonds, series "A." The remainder of the issue has been reserved for refunding the $2,500,000 mortgage held by Metropolitan Life Insurance Co. and when so refunded such mortgage will be satisfied and discharged, leaving the lien securing the bonds as the first lien on the lands, hotel building and furniture. These have been appraised at approximately $8,000,000. The King Edward had two other bond issues, first mortgage $800,000, 5 per cent., and second mortgage $700,000, 7 per cent. These were retired by the new issue. Part of the issue was sold in New York and the balance placed in Canada.

Capitalization—

	Authorized	Issued
Capital stock	$1,000,000	$1,000,000
7% refund. bonds	3,500,000	1,000,000
Deben. shares "A"	2,500,000	2,500,000
Deben. shares "B"	850,000	850,000
Mortgage held by Metropolitan Life Ins. Co. of New York, due 1925-1938	2,500,000	2,500,000

Bond Issue—

Seven per cent. refunding sinking fund gold, dated March 1, 1924, due March 1, 1944. Interest payable in gold on March 1, and Sept. 1, at Toronto, Montreal and New York.

Secured by a direct lien upon the entire fixed assets owned by the King Edward Hotel Co., subject only to a mortgage of $2,500,000 held by the Metropolitan Life Insurance Co. of New York. $1,000,000 has been issued and the remaining $2,500,000 can only be issued to refund the $2,500,000 mortgage held by the Metropolitan Life Insurance Co. This issue is also secured by a first lien on the furniture of the hotel.

Sinking fund, two per cent. per annum commencing Mar. 1, 1929.

La Patrie Pub. Co.

La Patrie Publishing Co. placed an issued last year that is generally looked upon as a real estate mortgage bond issue. The amount was $500,000 but the property which houses La Patrie's activities has an appraised valuation of slightly over that amount in addition to other assets such as machinery and equipment.

The building is six stories in height, located in the centre of the French-Canadian business district of Montreal.

La Patrie is an evening daily that has come up very rapidly in the past few years and that is well established among the business and social leaders of French Montreal.

Capitalization—

	Authorized	Outst'd'g
6½% 1st mtge. bonds	$500,000	$500,000
6½% pref. shares ...	125,000	100,000
Common shares	500,000	335,050

Bond Issue—

6½ per cent. 20-year first mortgage, sinking fund gold bonds. Dated January 1, 1923, maturing January 1, 1943. (Closed.) Principal and interest payable at Provincial Bank of Canada, Montreal. Denominations $1,000 and $500.

Sinking fund January 1, 1925, to January 1, 1929, 1 per cent. January 1, 1930, and annually thereafter 2 per cent. of par value of bonds issued.

First offered in August, 1923, at 97½ to yield 6¾ per cent.

Loew's Toronto

In 1919 W. A. Mackenzie & Co., made an issue of first Mortgage, six per cent., serial gold bonds of Marcus Loew's Toronto Theatres Limited, Dec. 1) and the principal and interest is payable half-yearly (June 1 and Dec. 1) and the principal and interest are payable in Toronto, Montreal and New York. The bonds mature annually from 1921 to 1934. Up to the present, $43,000 has been paid annually reducing the total outstanding to $428,000.

The bonds in question cover the two Loew's theatres on Yonge St., one on the east side above Queen St., and the other on the west side near Bloor. The combined properties are stated to be worth close to $2,000,000. Net earnings applicable to interest payments for 1924 amounted to $267,000.

Medical Arts Bldg.

Following a plan that had become quite popular in the United States, a building was erected in Montreal a couple of years ago to be used exclusively for offices and laboratories and hospital accommodation for physicians, surgeons, dentists, nurses, and other professionals. This was called the Medical Arts Building. It has filled up slowly but seems definitely to have established its ability to serve Montreal.

The first mortgage bond issue was sold largely to American investors through a house in Philadelphia.

Capitalization—

	Authorized	Outst'd'g
Common stock	$600,000	$500,000
Preferred stock	400,000	125,000
8% mtge. bonds	550,000	550,000

Bond Issue—

8 per cent. first sinking fund gold bonds. Dated May 1, 1923, maturing May 1, 1937. Principal and interest payable in Canada and United States. Sinking fund of $22,000 per annum from April 15, 1924, and continuing to maturity.

First offered in June, 1922, at 101 and interest.

Metropolitan Bldg.

Metropolitan Building office space has been taken up approximately 50 per cent. The clean up from construction is about complete and new

(Continued on page 21)

BANKERS BOND COMPANY
LIMITED

Investment Bankers

Underwriters of Corporation and Real Estate Mortgage Bond Issues.

We invite inquiries from those contemplating refinancing or requiring funds for expansion purposes.

Bankers Bond Building - 60 King St. West
Toronto

Phone Adelaide 6776

Specializing in the

Real Estate First Mortgage Bond

THREE years ago this company financed and sold the $275,000 7% bond issue of Professional Offices, Limited, secured by a closed first mortgage on the Physicians' and Surgeons' Building at 86 Bloor street west.

These bonds have proved eminently satisfactory to investors. They can be bought now only at a premium. Over 85% of the offices are continuously rented. All charges are being met, and a surplus is being accumulated each month.

This was the first Real Estate Mortgage Bond ever offered on Toronto property. We feel gratified that our judgment in advising clients to purchase the bonds of Professional Offices, Limited, has been vindicated so completely.

During the past month we offered an issue of 7% First Mortgage Bonds on the Ellis Park Apartments, on Bloor street west, overlooking High Park. The amount of this issue also was $275,000, and it has been completely sold.

Inquiries regarding underwritings of this type of security, or the sale or purchase of such bonds, will always have our prompt and careful attention.

STEWART, SCULLY COMPANY LIMITED

Telephone Elgin 4878 **McKinnon Bldg., Toronto**

Smith Bonds are Owned All Over the World

FIFTY-TWO years of proven safety in the field of first mortgage investments have inspired worldwide confidence in Smith Bonds. Wherever the mails carry, the investment service of this house is available; and no matter where you live, or how much or how little you have to invest, the purchase of Smith Bonds is made simple for you by an organization well equipped to give you satisfactory service by mail. In this connection, an official in the United States diplomatic service, now stationed in France, writes to us as follows:

"My own experience, both while living in the middle west of the United States and since I have been living in Paris, has demonstrated to my complete satisfaction the possibility and practicability of investing by mail."

Similar letters from other investors, both in this country and abroad, testify to the perfect satisfaction that is combined with proven safety in the purchase of Smith Bonds.

NO LOSS TO ANY INVESTOR IN 52 YEARS

Underwriters
THE F. H. SMITH CO.
Canadian Agents

Mortgage Investment Co., Limited
232 St. James St., Montreal

MORTGAGE INVESTMENT COMPANY, LIMITED,
232 St. James St., Montreal.
Please send me, without obligation, the booklet or booklets checked below:
[] *52 Years of Proven Safety*
[] *How to Build An Independent Income*
[] *How to Build Wealth*

Name ....

Address ....

Do You Know What a Real Estate Mortgage is?

It is a definite promise to pay a stated amount of money, within, or by, a given time at a specified rate of interest with a pledge of real estate as security.

Do You Realize That—

1st: First Mortgages on Real Estate are one of the oldest known forms of Security.

2nd: When well chosen they are safer than any other form of investment, giving an equal interest return.

3rd: The First Mortgage Real Estate Bond is simply a first mortgage on revenue producing real estate, divided into convenient amounts to meet the individual requirements of investors, and free from all worry usually attendant on individual mortgages such as searching of titles, insurance, collections, etc.

4th: The earnings do not depend on any one class of business or businesses.

5th: Such bonds offer to investors

(a) Safety of principal.
(b) Fair and stable income.
(c) Quick convertibility into cash.
(d) Freedom from worry.
(e) Long term investment.
(f) Possibility of appreciation in price.

It is still possible to secure 7% from sound Real Estate First Mortgage Bonds and we will be glad to forward you suggestions and further information upon request.

Housser, Wood & Co.
LIMITED
INVESTMENT BANKERS
Royal Bank Building - Toronto

Real Estate and Building Issues

(Continued from page 20)

tenants are moving in rapidly. Canadian Westinghouse, the first to move in, has been in its office for some weeks now. The offer of office space, in this, Toronto's tallest building, has been well received, and several important leases have been signed lately.

Construction was financed through an offering of $1,025,000, 7 per cent., first mortgage, 20-year issue. An estimate of earnings shows the bond interest earned over 2.40 times, the gross annual income being placed at around $300,000. The figures were based on a close survey of the office rental situation in Toronto.

Capitalization—

7% first mortgage bonds .. $1,025,000

Bond Issue—

7 per cent. 1st (closed) mortgage full sinking fund gold bonds. Dated July 15, 1924, maturing July 15, 1944. Coupon bonds in $100, $500 and $1,000 denominations.

Sinking fund to be provided sufficient to redeem the entire issue by maturity.

First offered in August, 1924, at 100 to yield 7 per cent.

Northern Ont. Bldg.

Toronto will soon have another large office building, the Northern Ontario Building which is now soaring well above the majority of the downtown buildings and which should soon be ready for occupancy. It is a solid concrete structure and the intention of the owners is to associate it with Northern Ontario enterprises to a considerable extent. The issue being sold to the public is a 6½ per cent. first (closed) mortgage, 15 year sinking fund gold bonds, maturing 1939. The total is $850,000 and the appraised value of the structure and land when ready for occupancy is $1,400,000. The annual revenue is estimated at $239,000 which will leave a sum about two and half times the interest charges when overhead expenses are taken care of.

Capitalization—	To be Author.	To be Outstand.
6½% 1st mtge. bonds	(closed)	$850,000
7% 2nd mortgage bds.	100,000	50,000
6% Cum. 1st pref. sh.	450,000	450,000
6% Cum., 2nd pref. sh.	100,000	77,000
Common shares	500,000	500,000

Bond Issue—

$850,000, 6½ per cent., first (closed) mortgage 15-year sinking fund gold bonds, dated Oct. 1, 1924, due Oct. 1, 1939. Principal and semi-annual interest, Apr. 1, and Oct. 1, payable at Montreal, Halifax, St. John, Toronto, Winnipeg & Vancouver, or New York Bonds offered in October, 1924, at 98½, to yield 6.65 per cent.

Sinking fund to be paid semi-annually on April 1 and Oct. 1 each year, commencing Oct. 1, 1927, 1¼ per cent. of the largest amount of bonds issued under this mortgage.

Ogilvy Realty Corp.

A separate corporation under the name of Ogilvy Realty Corporation was formed to sell first mortgage bonds secured by the department store property of James Ogilvy and Co., in Montreal. This step was taken because the real estate offered as security had a value well beyond the amount of the mortgage.

The Ogilvy department store is the most westerly of the group of Montreal department stores. It has a clientele almost exclusively its own, and while its turnover is not great, its expenses are lower than those of the more centrally located stores. Investors in the bonds were so well secured as to property value that little reference was made to the store's earnings.

Capitalization—

Capital stock $675,000
6½ per cent. mtge. bds. 800,000

Bond Issue—

6½ per cent. first sinking fund gold bonds. Dated December 1, 1922. Maturing Dec. 1, 1952. Principal and interest payable in Canada and New York. Denominations $500 and $1,000.

Sinking fund commences in 1923, sufficient to retire the whole issue at maturity.

First offered in Nov., 1922, at 100 to yield 6½ per cent.

Ouellette Apts.

United Bond Co., Windsor, placed a $50,000 issue of 7 per cent. first mortgage bonds of Ouellette Apartments, Windsor. They mature 2 to 7 years.

Prince Edward Hotel

Part of the financing of the Prince Edward Hotel, Windsor, was carried out by Border Cities Hotel Co., by an $850,000 bond issue. The company has been doing fairly well, but a handicap is the close proximity of Detroit, but gradually the public is coming to know of the changed hotel conditions at Windsor and are patronizing the Prince Edward. The many Windsor race meets keep the house at capacity business most of the summer months.

Capitalization—

	Authorized	Issued
First mtge. bonds	$ 850,000	$ 850,000
7% preferred stock	1,250,000	850,000
Common stock	1,250,000	850,000

Bond Issue—

7½ per cent. first mortgage serial gold bonds. Dated Sept. 1, 1921, maturing Sept. 1924 to 1941. Principal and interest payable in Canada and New York. Denomination $1,000. The terms of the trust deed securing bond issue provide for the retirement of 40 per cent. of the bonds between 1924 and 1940 the balance of $500,000 remaining in 1941 to be paid at maturity. First offered in Sept., 1921, at 100 to yield 7½ per cent.

Professional Offices

A real estate bond issue, maturing serially in 18 years, commencing this year, is that placed to help finance construction of Federal offices. The bond issue totalled $275,000, 7 per cent. Rentals are paid direct to the trustee, and are estimated at four times the bond interest. The building provides office space for doctors and dentists. Such buildings are a proven success in large United States cities. Space has been taken up fairly well. Before construction started, 40 per cent. of the space available was leased, and the total now taken up is 90 per cent., which provides an income sufficient to take care of overhead, bond interest and leave a fair margin for the preferred stock. The company has another possible asset in lieu of the city's failure to go ahead with the widening of Bloor St. The building was set back 13 ft. to provide for this, and now it is proposed to claim $200,000 from the city for failure to go ahead.

Capitalization—

7% first mortgage bonds $275,000

Bond Issue—

7 per cent. first mortgage serial bonds. Dated July 1, 1922, maturing Jan. 1, 1925 to July 1, 1942. Principal and interest payable in Canada only. Coupon serial bonds of $1,000 and $500 denominations. First offered in July, 1922, at 100 to yield 7 per cent.

Ritz-Carlton

In view of the fact that the Ritz-Carlton Hotel of Montreal does not issue any financial statement, it is not possible for the ordinary investor to check up on the security for the company's bond issue. The hotel is known to have been somewhat of a disappointment as to earnings, but it is backed by a strong group of business men with substantial means, and it has been carried on on a good basis of operation.

There was some time ago a discussion as to the possibility of converting the hotel into a high-class apartment house, but nothing came of this project. It is felt that the hotel is about ten years ahead of its time in the area where it is located.

Capitalization—

	Authorized	Outst'd'g
Common stock	$1,000,000	$1,000,000
7% cum. part. pref.	1,000,000	1,000,000
5% 1st gold bonds	1,000,000	647,500
6% 2nd gold bonds	900,000	852,875

Bond Issues—

5 per cent. first gold bonds. Dated June 1, 1912, maturing June 1, 1942. Principal and interest payable in Canada and London. Coupon $1,000.

First offered ($500,000) in July, 1912, at 95 and interest.

6 per cent. second gold bonds. Dated Jan. 1, 1920, maturing Oct. 1, 1943. Interest payable in Canada only. Originally dated Oct. 1, 1913, to mature Oct. 1, 1923, but extended in Jan. 1920, to Oct. 1, 1943.

St. James Court

One of the most recent Toronto issues is that of St. James Court, St. Clair Ave., Toronto. The building is to be a 200 room apartment and when completed will be worth $418,427 and the bond issue $250,000. It is estimated that the net annual rentals will be $33,000 or more than twice the greatest annual interest of the serial bonds.

Capitalization—

6½% 1st mort. serial coupon gold bonds $250,000

Dated Jan. 30, 1925, payable in Ontario or Montreal. Callable 105 and interest on or before Jan. 30, 1926, and half of 1% less for each year thereafter, but in no event less than 102½ and interest.

Windsor Hotel

In the case of mortgage bonds issued on hotels it is often difficult to determine whether the issue can be classified as a real estate bond issue or as an ordinary corporation issue. In the main the true test is in determining whether the bonds represent the full amount of the investment in the building, or if there is a good equity. In the case of the Windsor Hotel, the real estate value securing the issue is regarded about fair, although not as high in proportion to the actual cash investment of the present proprietors, as in the case of the one or two leading apartment houses in the city.

The hotel has had excellent earnings since its transfer to new owners some time ago. A recent constructive move was affiliation with the Dupont-Boomer chain of hotels in the United States.

Capitalization—

	Authorized	Issued
6½% first (closed) mtge. bonds	2,500,000	$2,500,000
Common stock	3,000,000	2,500,000

Bond Issue—

6½ per cent. first mortgage sinking fund, 20-year gold bonds. Dated Jan. 1, 1923. Maturing January 1, 1943. Principal and interest payable in Canada only. Coupon bonds in $1,000, $500 and $100 denominations.

Sinking fund commencing January 1, 1926, 2 per cent. per annum.

First offered in January, 1923, at 100 to yield 6.50 per cent. Present price around 100.

Other Issues

There have been several Canadian issues placed in the U. S. and little is known of them here. These include Transportation Bldg., Montreal; Medical Arts Bldg., Montreal. W. F. Mahon Co., Halifax, sold an issue on Carleton House. Two other issues were, Cavendish Court and Kensington Manor apartments.

Municipal Bankers Bonds More Widely Distributed

Municipal Banker's Bonds, a rather different issue, one likened to trust certificates of a trust corporation, has shown a considerable increase in popularity during the past year, judging by the increase in the amount placed. These bonds are in a large measure a real estate bond. The company sells the bonds and deposits with the trust company, mortgages as collateral. The company uses the funds raised by the sale of bonds to purchase mortgages. The bulk are well secured firsts on Toronto homes, and a few well selected seconds. Unplaced surpluses are carried in government and municipal bonds. While the issue when originally brought out was on a 6½ per cent. basis, the company has kept in line with the reduction in money rates, gradually lowering the yield on newly issued bonds, as has been the case with other bonds. The present rate is 5¾ per cent.. At the annual meeting it was reported that on only some half dozen out of almost one thousand mortgages held, was the interest in arrears.

DAIRY PRODUCTION

OTTAWA.—Canada's annual dairy production approximates between $235,000,000 and $240,000,000, according to a statement made by Dr. J. A. Ruddick, Dominion Dairy Commissioner.

Mortgages in Days of Nebuchadnezzar

In every investment there are two elements that must be weighed against each other by the investor. One is the safety of the investment with reasonable returns. The other is fast profits with a gambling chance on the safety. The following from an investment expert may give some solid ground for conservative use of the surplus:

Hundreds of years ago, real estate mortgages were popular and in use—even in the reigns of Nebuchadnezzar and Nabopolassar (625-604 B.C.). The British Museum possesses at the present time such documents which date back to that period.

To-day real estate mortgage security is just as popular as it was in the days of the ancients. Investors have found that real estate bonds are simply parts of a first mortgage with many additional advantages—such as more convenient amounts and maturities.

Safety and yield are the two chief points to consider in selecting an investment. In the effort to secure either maximum security or the highest return, the other is many times forgotten.

Speculative securities may yield a high rate, yet the chance of losing your principal is too great for the average person to take. On the other hand, safety may be obtained by placing your funds in iron chests—however, in such case you receive no interest return.

It is the wise investor who thinks both of safety and yield. For years, first mortgage real estate bonds have been yielding the highest rate of interest consistent with safety.

PLAN SOON TO OPEN THE ADMIRAL BEATTY

ST. JOHN.—Work is progressing very favorably on the Admiral Beatty Hotel and the builders are confident that they will turn it over to the owners by June 1, which will give the new institution an opportunity to make the most of the summer tourist season.

The new hotel has been enthusiastically welcomed locally, and there does not now seem to be any doubt that it will fill a need. St. John is now without first-class hotel accommodation, and is in fact short of any kind of hotel accommodation. The new hotel, while it will contain 178 rooms is not adding that much to the room space in the city, as a hotel of 125 rooms was torn down to make way for the new structure.

When it is completed, an effort will be made to attract both tourist and convention business, especially in the summer months, while, in the winter, ordinary traffic and the passengers from incoming ships are expected to maintain a good ratio of room occupancy.

The hotel is capitalized at a lower figure than most recently constructed hotels, the amount of outstanding bonds and debentures per room being not greatly over $6,000 if reasonable allowance be made for investment in stores, etc. One other large Canadian hotel comes close to twice this figure.

While the new hotel is affiliated with the United Hotels' chain it was conceived locally and the project was largely developed by S. Allan Thomas, a local investment banker. The first mortgage bonds were underwritten in the United States, some of them, however, finding their way to Canada.

7% UNITED FIRST MORTGAGE BONDS

"The Highroad"

This is the name of a booklet which tells how the real estate bonds we offer are issued, how they are made safe, how earnings reinvested would accumulate, and many other interesting features of good investment, concisely told.

It is, indeed, as we have described it, a "guide to good investment."

Won't you send us your address to receive one?

UNITED BOND CO. LIMITED

TORONTO 297 Bay Street. WINDSOR Imperial Bank Bldg.

ANALYSIS OF REAL ESTATE BONDS

During the past few years we have been identified with some of the largest and most successful first mortgage real estate bond issues offered in Canada.

As a guide to investors in purchasing real estate bonds, we have prepared an interesting series of tests which may be applied to determine whether or not they are sound investments. These tests are published in "The Investor," a bright little twelve page magazine which we issue every month.

If you are interested in real estate bonds it will pay you to read this little booklet. Newsy items regarding many corporations whose bonds are already held by investors are regular features of this little magazine.

"The Investor" is free. A letter or postal card will add your name to our mailing list to receive it every month. Write for it to-day.

McLEOD, YOUNG WEIR & CO.
Limited.
23 Jordan St., TORONTO
MONTREAL HAMILTON OTTAWA LONDON

Real Estate Mortgage Bonds

THE properties illustrated in this advertisement typify the character of the security for Real Estate First Mortgage Bond issues underwritten and sold by this Corporation.

The excellent investment record of real estate mortgages and the development of standard principles in the issuance of Real Estate Mortgage Bonds are responsible for the increasing popularity of this type of security with conservative investors.

Upon request, we shall be pleased to supply particulars of our current offerings, yielding as high as 7.15%.

We will consider proposals to finance the construction of large residential and business buildings.

Royal Securities Corporation
LIMITED
164 St. James Street, Montreal
Toronto, Halifax, St. John, Winnipeg, Vancouver

BOARD OF DIRECTORS
governing the
Municipal Bankers Corporation Limited

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Municipal Bankers Bonds
—Give You Safety and 5¾%

Municipal Bankers Bonds are secured "Dollar for Dollar" by the three safest known forms of investment — Government Bonds, Municipal Bonds and carefully selected Mortgages on Ontario Homes.

The mortgages are independently appraised by a Trust Company and together with Government and Municipal Bonds are deposited under a trust deed, with the Montreal Trust Company. Municipal Bankers Bonds are then issued "Dollar for Dollar" against these securities.

The specialized experience, integrity and responsibility of the executives at the head of this corporation assures the closest supervision of all bonds and mortgages deposited.

Municipal Bankers Bonds are issued for a 20-year term, assuring the investor a fair and consistent rate of interest over a long period. The interest is payable at par, every six months, at any branch of the Royal Bank in Ontario.

This class of security has stood the test of time and combines the most desirable features of sound investment—safety and fair interest return. Issued in denominations of $100, $500 and $1,000, they meet the requirements of the large or small investor.

We have prepared for distribution a very interesting booklet, "What Investment Authorities say about Municipal Bankers Bonds." If you are interested in locating a safe channel for the investment of your surplus funds it will well repay you to have us send you a copy of this booklet.

Municipal Bankers
Sales Corporation, Limited
Government Municipal and Mortgage Bonds
34 King Street East, Toronto

Sir William Hearst, K.C.M.G., President
Sir John Willison, K.B., LL.D., Vice-President

MANY SEEKING LAWS TO CHECK HUMAN CONDUCT

More Than 2,000,000 Persons in U.S. Out to Reform Public

NEW YORK.—More than 2,000,000 people in the United States are banded in organizations working for passage of legislation bearing on personal conduct.

A half million of these belong to the Women's Christian Temperance Union.

On the other side, 650,000 are members of the Association Against the Prohibition Amendment.

The others belong to the smaller organizations—many of which are local—such as the No Tobacco League; the Lord's Day Alliance, which works for Sunday-closing laws; the International Reform Association, etc.

In addition, unknown thousands contribute to the Anti-Saloon League, which has no membership rolls and which is supported by collections at public meetings, contributions and by donations from churches.

The Women's Christian Temperance Union has an income of $500,000 annually from dues. The income of the Association Against the Prohibition Amendment is still larger, as its 650,000 members pay from $1 to $50 each year for their memberships.

National in Scope

Eight of these organizations, at least, are national in scope and seven maintain headquarters in the national capital.

The nation-wide organizations of major importance are:

The Women's Christian Temperance Union, the Association Against the Prohibition Amendment, the Anti-Saloon League, the Anti-Suffrage Association, the Lord's Day Alliance, National Temperance Bureau, International Reform Association, and the Anti-Tobacco Alliance.

The W. C. T. U., the Anti-Saloon League, and the National Association Against the Prohibition Amendment, appear to be the most far-reaching. They operate in practically every state in the union. The Anti-Saloon League maintains 45 state organizations, each with a state superintendent as a paid official, and has a dozen general officers, all salaried.

In addition to these three, which are active through the nation, the Anti-Tobacco League, or some local organization with its sympathy, reaches most of the country east of the Rocky Mountains.

Local Organizations Active

In many states, local organizations are exceedingly active, working for various phases of personal conduct.

In Massachusetts, the "Watch and Ward" society prosecutes sellers of salacious literature, raids roadhouses and guards public morals. The Lord's Day League of Massachusetts and the Anti-Suffrage Association are also active. In Ohio, the No-Tobacco League unsuccessfully attempted to have the legislature outlaw cigarettes.

The Anti-Cigarette Society of Kansas prevented repeal by the legislature of anti-cigarette legislation.

In Missouri, the local Society for Suppression of Commercialized Vice is a strong organization.

California has its Law-Enforcement League, which raids places where liquor is sold, watches cafes and closes up the vice districts in all California cities.

In New York, the State Civic League is working for measures to protect the public morals.

All of these organizations have membership rolls or receive contributions from the public. It is impossible to estimate how many persons support the causes they represent, but a survey shows a large percentage of the American people are actively interested in personal-conduct legislation.

How Long Can Ford go on Expanding?

Is the industrial monument which Henry Ford is erecting at such a spectacular rate in danger of toppling over by and by because of its own weight?

Look at how the monument has already risen to eerie heights. These figures by B. C. Forbes in Forbes Magazine, show production of Ford cars and trucks:

1903-4	1,708
1909-10	19,051
1913-14	264,972
1917-18	708,355
*1920	1,074,336
1924	1,873,581

*August 1 to December 31.

These figures do not begin to tell the whole story, says Mr. Forbes.

Ford has started to run his own line of steamers to southern ports in the United States, his own line of steamers to South American ports, and his own line of steamers to overseas ports.

He has entered the railroad field on quite a scale with his Detroit, Toledo & Ironton system.

He has acquired his own forests and is operating his own lumber plants as well as the largest wood distillation plant in the world.

He has purchased large iron ore properties and is conducting colossal furnaces, rolling mills, etc.

He has become coal-mine owner and is supplying both coal and coke to his manufacturing plants as well as carrying on a big business in a multitude of by-products.

He has taken over several important glass factories and is now turning out enormous quantities of plate glass.

He has entered the lists of large-scale cement manufacturers.

He has turned manufacturer of auto-lamps, wheels, gears, radiators, etc., on a dazzling scale.

He has rapidly dotted this country, from the Atlantic to the Pacific and from Canada to the Mexican border, with great assembling plants.

He is establishing huge export warehouses on the Atlantic seaboard.

He has become a publisher, although here his achievements have failed to match his ambitions.

He has become owner of a large hospital and, over the protest of the medical profession, has set out to run it on what doctors describe as "factory lines."

It is not his fault that he did not some time ago start operations to develop a mammoth electric power works at Muscle Shoals, Ala., and to become the largest producer of nitrate fertilizer in the world.

Whispers are constantly going the rounds that he is actively planning to dot the sky with all-metal, low-priced aeroplanes, just as he has dotted the country with his low-priced automobiles.

He is already a leading factor in the tractor industry.

He has acted the role of banker when the city of Detroit had to find a market for millions of bonds.

How high his political ambitions soar he has not yet clearly revealed. What we do know is that he was a candidate for election to the United States senate and that there was at one time a very demonstrative "Ford For President" organization.

Neither our own John D. Rockefeller in his most active days nor the post-war German colossus, Hugo Stinnes, ever aspired to cover as much ground.

Tory Proposes Canada Finance Loans on Farms

(Continued from page 1)

interest charges on loans made to farmers.

"(4) The percentage relation of the loss to the security without the maximum amount to be loaned against the individual agricultural unit.

"(5) The special means of collection in case of default.

"(6) Such other matters as are necessary to make the scheme safe both for the Dominion and the provinces.

Reasons Are Given

"After the most careful consideration of the whole matter, of the difficulties to be overcome, the end to be gained and the purpose to be served, the last plan, that of co-operation between the Dominion and provincial governments, is recommended. The following are the chief reasons for this recommendation:

"(1) Through the agency of the Dominion government, money can be obtained at the lowest interest rates possible, a most important consideration.

"(2) The machinery for making loans, already available in some of the provinces, could be utilized with modifications, thus giving the advantage of past experience in dealing with the problem. Any province not already having the machinery and desiring to take advantage of the plan could create the necessary machinery as defined in the Act.

"(3) The cost of administration would be smaller, especially in the beginning, than by any other method.

"(4) The administration boards could be given sufficient authority to free them from political control, which being backed by and having the supervision of the provincial authorities.

"(5) The burden of the supervision upon the central board, which in a country so spread out as ours, would be a matter of some difficulty, would be greatly lessened. From an administrative point of view, so far as the Dominion government is concerned, this without question, would be satisfactory.

"(6) Some of the provinces of Canada might not desire to take advantage of any scheme. In that case, they would not be compelled to assume any responsibility, as they could remain out of the arrangement.

"(7) It would have the great advantage of placing upon the local authorities the responsibility for making and collecting the loans with their own credit involved. Local conditions would certainly be better understood by responsible local authorities.

"(8) By establishing proper supervision from the beginning and keeping attention directed upon the possibilities of ultimately having an independent organization, the provincial board could easily become the local unit of a coordinated scheme later on by uniting them under a common authority. Provision can be made in the original act to bring this to pass in due course. Time would in this way be given for the idea of a federal system to mature and materialize."

"It is respectfully suggested that an act be prepared and submitted to parliament embodying the foregoing suggestions."

Loan Companies Considered

Dealing with the question of methods by which financial assistance might be granted for long term mortgages on an amortization basis, the first suggested method is:

Through the loan companies: "It might be accomplished if some of the larger mortgage companies would come to an agreement to act jointly or individually in establishing such a system.

"This possibility has been discussed with representatives of various loan companies on different occasions, and it seemed possible at one time that something might be done in this way. It is not now believed that the mortgage companies could be persuaded to do this of themselves, their attitude apparently being that amortized loans are not necessary and not suited to Canadian conditions, and that in any case they would not affect the interest rates. Some of their representatives have expressed themselves as favorable to the establishment of long-term mortgages, but only at current rates of interest, claiming that lower rates are not a necessary accompaniment of long-term mortgages. Naturally no one would desire to take a twenty to thirty-year mortgage at 8 or 9 per cent., the rates now current upon his property. It is, therefore, reluctantly concluded that nothing can be done in the desired direction through these agencies.

"In making the above statement, no suggestion is made against the good faith or good intention of the loaning companies. It is possible that they cannot afford to conduct their business successfully at lower rates than at present. The desire is to express the definite judgment that agriculture cannot afford to continue to pay such rates and prosper. The conditions that made it possible have passed away."

The Stock Company Plan: "(a) A second possibility would be through the organization of a great joint stock company based on the principle of the Credit Foncier of France, viz., a public joint stock organization with government supervision, and with regulated interest rates; that is to say, with a fixed difference between the rate paid for money raised by the sale of bonds and the rate charged on loans to farmers. In France this difference is six-tenths of one per cent. It is generally agreed that one per cent. to one and one-sixteenth would carry the overhead charges in Canada. If bonds were permitted to be sold, as is the common practice in such institutions up to 20 times the paid up capital, such a scheme could be made profitable to the shareholders, provided a large enough business were done. It is doubtful, however, if such a plan could be capitalized in Canada, unless it were done by the government or by the government and banks combined; otherwise money would not be available at a low enough rate of interest. The Canadian banks with government cooperation could without doubt accomplish what is desired.

"(b) There is another way in which this could be done, and this is commended to the serious consideration of some of the larger loan and insurance companies, which desire profitable investments but dislike government loaning systems. A subsidiary joint stock company could be organized, the stock in which could be purchased by a group of the loan companies acting together, the board of control being selected among themselves, thus keeping the management of the concern entirely in private hands. Such a company could be given authority to sell bonds to twenty times its paid up capital stock. In order to secure money at sufficiently low rates of interest, the government might co-operate in a joint guarantee. In return for government co-operation, the rate of interest could be regulated in proportion to the cost of raising the money. Such a company could be permitted as in the case of the Credit Foncier, to do business other than agricultural business without restriction, but not by the use of moneys raised on bond sales guaranteed by the government or in any way involving the security of the farm mortgage. The conditions also on which money would be loaned to farmers would be specifically defined in relation to the requirements of agriculture; that is, loans should be made only for agricultural purposes to be in such a way as to enhance the value of the security offered for them. On such a basis it is suggested that lower rates of interest with long-term mortgages would be made possible and at the same time good dividends could be paid to the stock-holding companies.

"Over a period of years it is believed that a company organized as suggested above could establish a virtual monopoly in the mortgage business of the kind desired and on a scale sufficiently large to make the business satisfactory from the point of view of returns. Even should such a monopoly arise it would not be a dangerous monopoly, as it would operate under fixed regulations and with a fixed differential for interest rates.

"There would be no legal difficulties in creating such a system. The requirement of a combination of companies sufficiently strong financially to warrant the government in believing that it would so meet the requirements of agriculture that it should have the necessary co-operation on the part of the government. The total capital required under these circumstances would not exceed a maximum of $10,000,000, with a much smaller sum to start with."

The American Plan

The United States Farm Loan Board, with land banks distributed over the country, is then discussed, and many advantages are seen in it. But it is not recommended for Canada, and for the following reasons:

"That such a scheme is better suited to the United States than to Canada there can be no doubt, if for no other reason than the greater density of population. For example, the Federal Land Bank at St. Paul, which serves four states, Minnesota, Wisconsin, North Dakota and Michigan, serves a population as great as the whole population of Canada, and has out on loan over $100,000,000. With such a population to serve on such a scale, the overhead is necessarily small in proportion to the total.

"The establishment of this system in Canada would without question involve a considerable overhead for some years for the reasons mentioned above. The establishment of the necessary branches would also take time.

'It would be necessary, as in the American Federal System, to unify the credit and security of the whole system. It was the combination of security and the issue of common bonds that enabled the American system to establish itself with a common interest charge for the whole country.

"To this some of the provinces of Canada, not desiring to participate largely in the scheme, might object on the ground that their security was being used to benefit other provinces. This would be merely a refusal to recognize the federal significance of the movement. That ultimately such a plan would have a unifying effect upon the whole country there can be no doubt."

Wages in American Industry

Wages in the United States are approximately double those now paid in Great Britain. Even "real" wages are much higher in the United States than in any other country. Following estimates of the International Labor Office at Geneva it appears that real wages in the principal countries of Europe, calculated on the basis of real wages in the United States as equal to 100 per cent., in July, 1924, were approximately as follows: Holland, 45 per cent.; Poland, Sweden, 40 per cent.; France, Norway, 35 per cent.; Belgium, Czechoslovakia, Spain, 30 per cent.; Austria, Germany, Italy, 25 per cent.

With such indications of the prosperity of American workers as measured by world standards, it is worth while to inquire into the changes in the real status of the wage earners within our own shores during the past few years. Since 1914, the wage level in the U. S. as computed by the National Industrial Conference Board, has risen something over 100 per cent. In almost every line of industry, wages during the past year were higher than for any year since the peak in 1920. In the more important industrial groups average hourly earnings during the latter part of 1924 as compared with July, 1914, had increased as follows: Railroads, 175 per cent.; anthracite mining, 163 per cent.; manufacturing and agriculture, 150 per cent.; building, 100 per cent.

Looking over the long-time trend of wages, it appears that wages are now about six simes as great as in 1840, three times as great as in 1873, and also three times as great as in 1900.

Real earnings, measured in purchasing power of the wages received, have of course shown less fluctuation than actual money earnings, but it is significant that real earnings in 1923 were 35 per cent. above 1914. During the past year real earnings have declined slightly. However, the National Industrial Conference Board points out that "with wage rates over 100 per cent higher than in 1914 and average living costs risen only about 65 per cent., even with due allowance for improved standards of living, the wage earner appears to be in a much more advantageous position at the close of the decade than at its beginning."

Significance of Real Earnings

The relative position of the wage earner, as indicated by changes in his real earnings, is of growing importance in wage discussions between employers and employees. "In some cases, particularly where employee representation plans are in operation, the employer is so far taking the worker into his confidence as to explain difficulties and problems of management which a few years back were considered no concern of the worker. In these ways the contest of wills is yielding to a contest of reason."

The marked improvement in the status of wage earners, moreover, affords an answer to the claim that workers have not received their share of prosperity. Since the worker now receives approximately one-third more in actual returns for his labor, it must be inferred that this greater return comes either out of the pocket of the employers and consumers, or out of the increased productivity of workers generally. Both sources contribute, but few industries testify that productivity has increased with higher wages, and some of the building trades and anthracite mining show that production has materially decreased with each increase in wages.

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It is Buying Power You Want to Reach

Men with big purchasing power read trade newspapers.

Here are a few examples:—

In Guelph the estimated volume of business done by the grocer trade is $1,600,000. The total value of sales by grocers who are readers of CANADIAN GROCER was $1,200,000 — 75% of the whole, and this 75% includes all the best merchants. The remainder — 25% — is made up of small men with an average turnover of less than $10,000.

Or take Belleville. Here the estimated volume of business done by grocers, dry goods merchants, and men's wear merchants is $3,528,000. The total amount of business done by readers of the three trade papers, CANADIAN GROCER, DRY GOODS REVIEW and MEN'S WEAR REVIEW is just on $2,920,000 —over 80%.

Take Cobourg, another town in Ontario; the approximate volume of dry goods business in this town last year was $448,000 and sales by readers of DRY GOODS REVIEW amounted to $435,000 — 95%.

Or take one paper alone, HARDWARE AND METAL, in the following cities: — Kitchener, London, Kingston, Port Arthur, Sault Ste. Marie, Ottawa, Fort William. The total rating of hardware stores in these places is $6,301,000. The total rating of subscribers to HARDWARE AND METAL in these places is $6,231,500. You will therefore see that HARDWARE AND METAL reaches by paid invitation over 98% of the total ratings of hardware firms in these cities.

And so we could go on quoting instances of this kind. Is not this then a clear proof that the best way to reach these men who have the largest buying power in the community is by means of the business papers?

They read business papers more carefully than they read any other class of advertising medium.

Glance through the list of business papers listed below and see how they cover the business run by the influential men in your district. It is through them you can best reach the buying power in any community.

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Sanitary Engineer
Canadian Automotive Trade

LATENESS CURE IMPORTANT AID TO EFFICIENCY

Interesting Results of Bonus Scheme of Metropolitan Life

Twin evils which undermine industrial profits are (1) loss of production through absence from work, and (2) impairment of discipline through excessive tardiness. It is estimated by various authorities that the absence loss alone constitutes from 5 to 10 per cent. of the average employee's working time. If 5 per cent. is a fair figure, the 30,000,000 employees in America, exclusive of employers and self-employed persons, yearly lose 405,000,000 full-time days of work from absence. This excludes the time lost form strikes, lock-outs and unemployment. In other words, enough full-time work is wasted every year through absence to keep 1,350,000 people employed.

Almost half this absence waste—189,000,000 full-time days of work—is due to sickness and non-fatal accidents. This is equivalent to the work of 630,000 employees—an estimate which leaves out of account the waste caused by deaths from fatal accidents and fatal diseases. Sickness surveys of the Metropolitan Life Insurance Company show that at any given time approximately two per cent. of the working force is ill, and that each employee loses on the average seven working days a year for that reason.

What does this absence waste mean in terms of profits? It is, of course, difficult to show the exact cost in dollars, but an estimate of Dr. P. S. Florence will at least indicate that such a relation exists. From the cost reports compiled in 1917 by the Federal Trade Commission, he estimates that in the shoe industry a 10 per cent. increase above normal in the absence rate would have caused a 25 per cent. shrinkage in profits. Losses due to the excess overhead and irregular production affect the employer's pocketbook even where the direct loss in wages is borne in full by his employees.

Study the Causes

That the causes of absence may be profitably studied is shown by the experience of an American motor plant which had an average absence rate of 6.13 per cent. for all men's departments. Analysis showed that the departments which exceeded the average were found to be those having the greatest noise, the poorest ventilation, the heaviest work to be performed, and the most eye strain. Persistent absenteeism leads to labor turnover, and a study of the causes of absence may, therefore, prevent a later "quit."

Prolonged lateness is equivalent to absence, although the causes of lateness are as a rule different. Like absence it constitutes a serious form of labor waste. One of the most complete studies of the extent of lateness was made a few years ago in fifteen plants during a given month by the Rochester Industrial Management Council. It was found that approximately 3.5 per cent. of the working force was late on the average each working day.

The actual waste of time through tardiness, important as it is, is probably not so serious as its effect upon discipline and morale. One tardy employee may lead to tardiness on the part of others, and in any case may delay several in starting the day's work promptly.

A Bonus Plan

For a number of years the Metropolitan Life Insurance Company experimented with various bonus plans to improve the attendance of its home office employees. In January, 1922, a plan was put into effect which has produced satisfactory results. It provides for a cash payment of 10 per cent. of one week's salary (maximum bonus not to exceed $6) to any home office clerical employee who has a perfect record for any thirty consecutive business days. Failure to return promptly to one's desk following the lunch hour is equivalent to a tardiness.

HOW THE MONEY IS WASTED; OVER-LAPPING DONE AT OTTAWA

(Continued from page 1)

ing economic enquiries to find out why business is not as good as it should be. There are other bodies far more competent to do this than it is. That it takes up work of this nature is pretty good proof that it is short of work in its own particular field. If this is so, then some of its officials should be let out, instead of being allowed to go far afield to find new room for their activities.

All this bears out what THE FINANCIAL POST has long contended, that there is serious overlapping in the government service. This is one reason why greater economy is not exercised. There is too much acting on the principle that if work for officials does not exist it must be found.

Too Many Spenders

The trouble is that too many of our governmental departments are nothing but spenders of the taxpayers' money. The revenue side of their balance sheet is lost sight of. But expenditure has become so large and taxes so heavy that if staffs are going to continue to be as large as they are, then departments must pay more attention to getting revenue to pay for them. Either this, or staffs must be reduced.

In the United States, which has probably fifteen times the wealth that this country has, the various departments of the federal government have considerable revenue. Last year the Department of Agriculture turned in $8,680,000; Department of Commerce $613,000, Interior $59,220,000, Justice about $9,000,000, Labor $6,731,000, Navy $21,000,000, State Department $8,301,000, and War Department $41,000,000.

Why Not Revenue?

Premier King and his ministers should put it right up to their staffs that they had better pay more attention to the raising of money to pay their salaries. If they did this they would at least impress the country that they are trying to lighten the load of expenditure.

Some of these departments and branches that apparently are short of work might be cut down and the money thus saved could profitably be spent in revenue-getting. It is common knowledge that the country is losing millions a year through smuggling. To get this money it will be necessary to increase the customs' staff. This could easily be done if unprofitable branches of the service were cut down.

First Hand Hints on Getting Business in Latin America

By C. E. FRENCH,
Export Representative of the Howard Smith Paper Mills, Limited.

We, in North America, are, I believe, inclined to consider the commercial morality of Latin America as rather doubtful. While this may be the case in some of the republics, I can honestly say that I have found, with very few exceptions, the morality to be all that is desired. However, we should, without fail, obtain up-to-date credit reports through a bank or mercantile house. In all centres of importance there are Canadian, English, American, and European banks willing and ready to provide reliable information, and I advocate reports from these banks in preference to reports from native banks.

The word "native," which I have used, may be rather confusing. This does not apply to Spaniards or Portuguese in business, who have, as a rule, as good a rating as any British, American or German firm. It is the native firms or banks which require careful credit consideration.

I would like to say a few words about the German firms I had occasion to call upon. In every case they proved to be absolutely reliable, and many were desirous of closing business on a cash against document basis. Please do not think that I am a pro-German, and I am sure you will readily appreciate that I am not, when I tell that I was a prisoner of war in German hands for a period of two long years. I must admit, however, that I was extremely impressed with the German concerns in Spanish America with whom I had dealings.

Procrastination is Popular

In all of Latin America there is a strong tendency in the natives and Spaniards to procrastinate. Everything is left until "to-morrow," the Spanish equivalent of "to-morrow" being "manana," a word incessantly heard and used at every possible opportunity. You must not become disappointed if results do not materialize as quickly in Latin America as in other parts of the world, for you are continually up against this manana habit which even takes hold of Europeans and North Americans that go to live in those countries.

I strongly recommend that your correspondence be in the language of the country for which it is intended, and that such correspondence should be handled by either an educated native, Latin American, or Spaniard, or Portuguese, as the case may be, and not by an English-speaking person, no matter how well he or she knows the language. This matter is extremely important and is inclined to be made light of by those not familiar with the languages. I might say that it is quite in order to write letters in Spanish or Portuguese even to English or American firms in these countries.

If you have a mailing list of the various firms in Latin America, it is imperative that such a list be correct in detail insofar as the spelling of names and accents are concerned. It is advisable to send a copy of your list of names in each country to your agent and request that he check it up carefully and return it to you. The careless misspelling of a name or an address by an exporting firm is often construed by a Latin-American as a mark of disrespect and tends to decrease the prestige of the exporting firm.

Send Greeting Cards

It is an excellent practice to send out greetings cards for the New Year. They seem to register particularly well in the Latin mind. While Christmas is recognized everywhere as a holiday, it is not celebrated by the Latins as is customary with the Nordics, and for that reason it is better not to make any mention of Christmas in the greeting card. The card should be restricted to New Year or Seasonal Greetings.

It is, perhaps, unnecessary to tell you that the metric system of weights and measurements is that which is officially used in all the Latin-American republics, and must be included in all consular papers where the occasion demands. The official weights and measurements of the British West Indies and British Guiana are the same as those used in Canada. In the countries that employ the metric system, the "metric ton" is used as the unit of weight. The metric ton equals 1,000 kilos, the equivalent of which in English avoirdupois weight is 2,200 lbs. This must not be confused with our short ton of 2,000 lbs., nor our long ton of 2,240 lbs., and while on this subject of weight I would suggest that in quoting so much per hundredweight you mention the actual number of lbs., 100 or 112, as the case may be, and not the abbreviation "cwt." which can be interpreted as either.

Each republic has its own national currency based on the decimal system. You need not give much thought to the various currencies, except when referring to exchange, for quotations to those countries are usually made in sterling or United States dollars, and in this connection it is advisable to quote in the currency preferred by the customer to facilitate for him comparisons with competitive quotations. It is not advisable to quote in Canadian currency, for it is likely to be unfamiliar to the importing firm. Naturally, the method of quoting and terms granted depend entirely upon the prevailing customs of the various export businesses. In a general way, I would say that quotations, f.o.b., steamer, New York, or a Canadian port, would be satisfactory for all countries bordering the Gulf of Mexico and the Caribbean Sea, because of the proximity of that part of Latin America to North America. Quotations, c.i.f., foreign point of delivery are usually necessary for all countries on the east and west coast of South America, and if you do not quote in this manner there is the chance that your bid for business will not receive serious attention simply because the quotations cannot at a glance be compared with competitive c.i.f. prices. In quoting c.i.f. there should be a definite understanding whether such arrangement includes consular fees or not.

Prices and Terms

The usual terms are documents against acceptance of draft, allowing a period of time varying from 30 to 120 days, the length of time depending entirely upon local competition and distance from the exporting country. For example, it might be in order to quote 60 days to firms in Mexico and 90 or even 120 days to firms in the Argentine and Chile. In making out consular or legalization papers, as they are often termed, one must adhere strictly to the customer's instructions in regard to method of declaration, otherwise the goods upon arrival at the foreign point of delivery may be held up by the authorities because of concise detail, and the customer in such a case would probably be obliged to pay unanticipated store costs to the customs department, all of which would not be conducive to continued pleasant business relationship between the importer and exporter.

I must inform you of a custom in regard to prices which is prevalent to some extent in certain countries. It is the obtaining by the commission agent of an "excess price" on the price quoted by the exporter, the commission agent to benefit by the excess price. To make this clear, let us suppose a Canadian exporter has quoted his agent (to whom he customarily pays a 5 per cent. commission on all sales) a price of 20c. per lb. on a certain article which price, it is believed, is the highest price against which the agent is likely to obtain orders. The Canadian exporter expects his agent to advise him whenever it is possible to quote higher, but, instead of receiving such advice from the agent, the Canadian exporter receives an indent order priced at 22c. per lb., with a covering letter from the agent to the effect that he is to be credited with the difference between the price he has been given and the price he has been able to obtain. Generally "excess prices" are only obtained by the agent on orders from firms in the interior of the country where, because of the very high cost of traveling and the long distances covered, the commission resulting from sales would perhaps hardly pay expenses.

There is sometimes doubt on the part of the exporter, as to who should pay the cost of cables sent by the agent to the exporter. In the case of the agent carrying stock for resale, in addition to his obtaining indent orders, the following procedure is generally practised: If the agent cables an order for stock, he pays the cost of the cable; if he cables an indent order, the exporter pays the cost of the cable.

Imports Increase and Affect Woollen Trade

From Our Own Correspondent.

MONTREAL.—British government figures on the export of woollen and worsted cloth to Canada show part of the competition which Canadian industry has been forced to meet.

	Yards
1921	13,095,400
1922	27,014,500
1923	28,834,700
1924	30,154,200

Canadian imports of raw wool which for December were 800,000 pounds, also reveal something of the hard times affecting this industry. This is a serious decline from the corresponding month of last year, when they stood at 1,300,000 pounds.

Imports of woollen and knit goods into Canada for the year 1924 follow:

	From Great Britain	From all Countries including G.B.
Cloth	$21,004,632	$25,030,674
Carpets and rugs	1,060,717	1,732,150
Knitted goods	4,369,324	6,858,974
Yarns	3,402,875	3,616,323
Made-Up	1,541,465	2,406,603
Pressed felts	51,889	269,753
Totals	$31,430,902	$39,914,477

Ruling on Marking Lumber is Rescinded

NEW YORK.—The ruling of March 16, which required the marking of individual pieces of lumber from Canada, has been rescinded. The previous practice of marking only bunches or bundles will be continued.

The original order resulted in considerable confusion in local shipping. A number of vessels were prevented from discharging for two days until a postponement could be obtained from Washington. Steamship and lumber men, in a meeting on the floor of the exchange, declared that the ruling would add $2 to $5 per 1,000 feet to the cost of handling the lumber, in addition to serious delays.

MAY SOON REQUIRE CANADA'S ARCTIC COPPER DEPOSITS

Valuable and Extensive Bodies Are Known to Exist

In the world search for economic minerals the northern portion of Canada has not escaped attention. As early as 1770, Samuel Hearne, one of the Hudson's Bay Company's servants, then at Fort Prince of Wales, received instructions from London to investigate rumored copper mines. After a number of attempts, Hearne accepted the offer of an Indian chief to "guide the white man to the 'far-off metal.'" The trip was successful, the out-croppings of copper were found, and Hearne named the river, on whose banks the discovery was made, the "Coppermine." The river is situated in the Mackenzie district of the Northwest Territories, and flows into Coronation Gulf of the Arctic Ocean. The principal copper deposits are situated at what is known as Coppermine Mountain, some sixty miles from the mouth of the river, and at Bathurst Inlet. The Scientific American, in reviewing a number of reports on the area, compares it with the Lake Superior copper region. At Coronation Gulf the copper-bearing belt is said to be 16 miles wide and of unknown length, while, at Bathurst Inlet, an arm of Coronation Gulf, the area is said to be 50 miles long, with a maximum width of 25 miles. "Taken altogether," says the Scientific American, "the indications are favorable for the existence of high-grade mines, as well as larger low-grade deposits in this region. We have, therefore, it is probable, a region comparable, let us say, to the Lake Superior copper region, on the Arctic shores."

Speaking of the possibilities of mining enterprises in the northern field, the late Dr. James Douglas, who headed an expedition in 1911 to investigate the northern copper deposits, at the meeting of the Canadian Mining Institute in 1913, said:

"One has to recollect that for many years the Keweenaw promontory of Michigan was cut off from all communication with the market except during the comparatively few months of open navigation; that supplies of fuel and merchandise were conveyed by water to the mines before navigation closed, and that the copper accumulated on the peninsula until navigation opened the following spring. The open season was, of course, longer than it would be in the Arctic Ocean, and the climate of the Arctic is more severe than in Michigan, the thermometer dropping occasionally to 40 and 50 deg. below zero. The fall of snow, however, as reported on the Dease River, did not at any time exceed 2 feet; and therefore mining, ore concentration, and smelting, as well as railway transportation, would not be conducted under conditions much more onerous than in the Province of Quebec, or in Michigan."

Lack of transportation facilities handicaps the development of many of our natural resources, says the Natural Resources Intelligence Service of the Department of the Interior. The increasing demand for metals, due to their greater use in industry, however, and also the depletion of present sources, may necessitate the obligation of Canada's undeveloped northern copper deposits at an earlier date than now seems possible.

Chinaman's Word Not Always Good as Bond

LONDON.—At a recent meeting of the British Export Society, an interesting address on trade with China was delivered by C. R. Slowe. After dealing with the military disturbances in China and their effect on trade, Mr. Slowe made some interesting observations regarding the change in Chinese business methods.

A fortnight after a young man arrives in China he thinks he thoroughly understands the Chinaman. Actually from that time onwards he understands him a little less each day. Before the war it was true that a Chinaman's word was his bond and an immense amount of business was transacted with the old class of Chinaman without a single contract being written. Unfortunately the Chinese learnt a great deal during the war when Western business morals were slack and it was the common thing for contracts to be repudiated. The Chinese are past masters in the art of excuses and they have shown themselves only too ready to seize hold of such precedents. Even so, so long as they can pay and take their goods away, there is still no better man to deal with as a buyer than the Chinaman, but as soon as he is in difficulties he is a slippery customer. In fact he often simply disappears.

Mr. Slowe recorded it as his opinion that Great Britain was not getting all the trade it should in China notwithstanding the fact that British firms predominated as regards financial position, ability and variety of interest. For instance, seven out of nine members of the Shanghai Municipal Council were British.

Mr. Slowe did not attach much importance to United States competition in China, any geographical advantage being offset by the fact that the Americans do not understand the Chinese and that the Chinese do not like them. Japan was more to be feared, and although there was much talk of the boycott of Japanese goods, the Chinese were essentially a practical people and conveniently forgot the boycott if it were in their interests to do so.

Canadian Municipals in the "States"

Next to United States Government, State and municipal bonds and a few of the highest grade corporation securities, the investor in the "States" ranks the bonds of Canada and her great provinces and larger cities. Many States permit savings and trust funds to be invested in such bonds and thousands of other institutions and private investors are in the market for bonds of the provinces and cities of the Dominion.

Public officials in charge of provincial and city finance and bond dealers with securities to market, should not overlook this market in the "States" when seeking buyers for Canadian municipals. Embraced in your bond sales publicity campaigns should be publications circulating in financial circles in New York, Boston, Philadelphia, Chicago, Cleveland, Detroit, St. Louis, and other investment centers of the U. S.

There are in the United States many excellent financial publications. There is one logical place in which to advertise a provincial or municipal bond offering. That is—

THE BOND BUYER

"The Authority on Municipal Bonds"

67 Pearl Street New York, N.Y.

Sample Copy and Advertising Rates on Application

Another Bulletin of Those Paragraphic Briefs Such as You Expect to See

in

"MARKETING" *and* "PRINTERS' INK"

In Canada the Trend in Advertising is Toward the Magazines

In Canada the Trend in Advertising is Toward the Magazines

The first furniture manufacturers in Canada to use quadri-color advertising in the magazines are Messrs. Malcolm and Hill, Limited, of Kitchener, Ontario. This is placed by the Hamilton Advertisers' Agency. Pages in full colors are being used to advertise "No-Mar" Furniture.

The first carpet manufacturers in Canada to use the magazines are the Brinton Carpet Company, Limited, of Peterboro, Ontario. A color page advertising Brinton Sarouk Rugs appeared in the April 1st issue of MacLean's. This is placed by Baker Advertising Agency, Toronto.

Another newcomer into the ranks of the color advertisers is the Gutta Percha Rubber Company, Limited, of Toronto. A series of quadri-color pages is being used in addition to a schedule of black and white half pages. This account is now being handled by Huber Hoge (Canada) Inc.

"Duco," a new finish for automobiles, is being advertised in color pages running in MacLean's Magazine over the name of the Flint Paint and Varnish Company, of Toronto, placed by the Ronalds Advertising Agency of Montreal.

A. S. Hinds Company, Portland, Maine, and Montreal, Que., are this season using Canadian magazines for the first time. A series of monthly insertions of 140 line space has been ordered through the A. McKim Agency.

Kops Bros. "Nemo" Corsets advertising is appearing this season for the first time in Canadian magazines. 224 line copy is being used for a number of insertions. This is placed by A. J. Denne and Company Agency, Toronto.

Another newcomer into Canadian magazines is Whitworth and Mitchell, of Manchester, England, using a series of quarter pages in MacLean's Magazine to advertise "Tricoline," dress material, through the Montreal office of the Norris-Patterson Agency.

Wm. H. Leishman & Company, Limited, Toronto, are using a series of full pages monthly on an all-year-round basis in MacLean's Magazine. Special magazine copy is being prepared by Advertising Service Company, Toronto.

A double page spread for the McLagan Furniture Company, Limited, of Stratford, Ontario, appears in the March 15th issue of MacLean's Magazine, placed by James Fisher Agency. This is the first magazine advertising that has appeared for McLagan Furniture for about two years.

Another advertiser who has been missing from the magazines for a number of years and who is now back again is Epoch Morgan & Sons Company, of New York City. The "Sapolio" advertising is now being placed by the Morse International Agency of New York City.

Firestone Tires are being advertised in a series of pages and double pages in two colors. The first double page spread appears in the April 1st issue of MacLean's.

Another advertiser who is using two-color pages in Canadian magazines this season for the first time is the Tidewater Oil Company. The first "Veedol" advertisement appears in the April 1st issue of MacLean's. This account is handled by the Hamilton Advertisers' Agency.

After having been out of the magazines for the past three or four years, Hart Batteries are again using quarter pages regularly in MacLean's Magazine, advertising Hart Batteries for cars and radios. This account is handled by Montreal office of McConnell & Fergusson, Limited.

Alabastine Company, Paris, Ontario, who did not use magazines at all last year, are this year using a series of 300 line magazine advertisements, placed by McConnell & Fergusson, Limited, London, Ontario.

Hudson's Bay Company, of Winnipeg, are using magazine space in Canada for the first time to advertise "Imperial Mixture" Smoking Tobacco. Full page in black and red appeared in a recent issue of MacLean's Magazine. This was placed by McConnell & Fergusson Advertising Agency, Montreal.

Interlake Tissue Mills Company, Limited, of Merritton, Ontario, are running a series of half page advertisements regularly in MacLean's Magazine, advertising toilet tissues, towels, lunch sets, and decorative tissue crepes. This is the first time that magazine advertising has been used by this company.

Full pages in red and black are being used on a schedule of once a month insertion in MacLean's Magazine by the Stanley Works of New Britain, Conn., advertising "Four-Square" Household Tools. This is the same color campaign that is running in Saturday Evening Post in United States, and is placed by the Manternach Agency of Hartford, Conn.

After having been out of Canadian magazines for a couple of years, the Maxwell Motor Car is again being advertised in full page space in MacLean's Magazine. Schedules have been sent out by MacManus Inc. Advertising Agency, Detroit.

Increasing from half-column space which was used last year, Forhans Tooth Paste is this year being advertised in Canadian magazines in regular schedule of half-page space. This account is handled by Erwin Wasey Agency, Chicago.

March issues of the magazines were used in half-page space by the Canadian Macaroni Manufacturers' Association, advertising Macaroni Week. The macaroni campaign is being handled by the Hamilton Advertisers' Agency.

DEBT TO THE U.S. A HEAVY BURDEN TO BRITISH TRADE

Manufacturers Put Their Position Before the Government

PRODUCTION IS HIT

Last Year Britain Took Second Place to France as a Producer of Steel — Flooded With European Goods

LONDON.—The year 1924 was a disappointing one for the iron and steel industry of Great Britain; France, Belgium and Germany not only captured customers abroad, but even undersold British manufacturers. At the beginning of 1924 there were 190 blast furnaces in operation in Great Britain and at the close of the year only 173. Notwithstanding the fall of wages in 1924 there were continued complaints that quoted prices were unremunerative.

That Great Britain's share of the financial burdens arising from the war is so heavy in proportion to that of other countries as to form a serious handicap to British industry in competition with foreign industry is being brought to the attention of the government by the Grand Council of the Federation of British Industries. It is urged that it is consequently of great importance that arrangements should be made with the debtor countries to commence their contributions to the burden which Great Britain is bearing on their behalf at as early a date as possible.

Secondly it is urged that an expansion of British trade sufficient to absorb the existing mass of unemployment is impossible without a substantial improvement in world trade. Past experience has shown that a general expansion of trade throughout the world is dependent on stable monetary conditions and especially on stable exchanges. In the present circumstances this stability could only be obtained by the return of the more important trading countries to a common monetary standard.

American Liability Heavy

In urging therefore the importance of an early settlement of the debt problem it is pointed out that Great Britain at the present moment is liable to pay the United States between £30,000,000 and £40,000,000 per annum in discharge of her debt. She is also paying in round figures £100,000,000 a year as the service of the internal and other debts contracted in order to provide the allies with loans. These debts represent 2s 7½d in the pound in income tax as follows:

In terms of taxation this means that we are paying in income tax the equivalent of 7d. in the £ in respect of the French debt; 6½d. in the £ in respect of the Italian debt; and 9¼d. in the £ in respect of the debts of other allied governments, including Russia; while our payments to America represent approximately another 8½d. in the £, a total of 2s. 7½d. in the £, of which 1s. 11d. represents unpaid allied debts, i.e., taxation which is paid by the British taxpayer in order to relieve taxpayers in the debtor countries.

In terms of International competition for trade, it means that (assuming we are entitled to 5 per cent. interest and sinking fund on these debts) that we are subsidizing France to the extent of £31,000,000 per annum; Italy to the extent of £27,000,000 per annum; and the remaining debtor countries to the extent of £41,000,000 per annum; these sums representing not only an additional tax burden on British industry, but a corresponding lightening of the burden on the industries of the debtor countries which are in many cases in keen competition with our own for the markets of the world.

In addition, the payment of the American debt involves not only the raising of the necessary revenue, but the even more formidable task of finding an export surplus of some £35,000,000 a year at a time when the whole trade of the world is depressed, and when a general rise in foreign tariffs—and notably the tariffs of the principal debtor countries—is hindering the entrance of our goods to many important markets. The surplus of exports, visible and invisible, over imports for 1924, according to the Board of Trade estimate, was only £29,000,000 as compared to a pre-war normal of nearly $200,000,000, which affords an eloquent testimony to the strain which this accumulation of burdens is placing upon our economic strength.

It is pointed out that in these circumstances it does not appear possible that Great Britain can contribute much to the solution of the problem in the form of any substantial reduction of British claims since any such concession would impose for several generations an enormous burden on the British taxpayer with its inevitable consequences on employment, on the standard of living and on the ability of British industry to compete with foreign industry.

In summing up the situation it is pointed out that the difficulties are that at the present time the United States will not agree to any compromise on broad lines as to the total obligation; as long as America maintains this attitude Great Britain cannot take the risk of compromise; and the debtor countries cannot immediately undertake to pay full annual instalments on their indebtedness without hopelessly wrecking their economic position.

Some New Ideas for Salary Budget Policies

HARTFORD.—The Aetna Life Insurance Company is now writing life insurance on a salary budget plan which embraces some new features. Employees pay the whole of the premiums themselves but the employer makes it easier for them by agreeing to deduct the premium from the pay cheques each month.

The rate charged is the regular one for the classification to which the individual belongs.

How Canada Rewards Workers

OTTAWA.—John Pritchard, M.P., is one of those who is convinced that a man can go on a farm in any part of this country and make good. The other day he gave the House of Commons several examples of this, which had come under his own observation. These are important just now, when so many speak of farming not being profitable. This is what the member for North Wellington told the House:

"I remember hiring a man in the "nineties," 21 years of age, and without a dollar in his pocket. He worked five years on our farm, three for my father and two for myself. That man to-day owns his home. He paid for his home, for his stock, chattels, farm and everything. And he did it all by honest labor; he played the part of a good citizen.

"It was my privilege some years ago to go to Onoway, in the province of Alberta, about 40 miles northwest of Edmonton. I had occasion to go 10 miles from Onoway, out in a section where roads were not built at that time, and what did I find when I got there? I found a man from the centre of London, England, who had hewn out a home for himself in that place. He had good buildings, a comfortable home, and was clerk of the municipality.

"I have another case in mind, that of a man who came from the heart of London at 16 years of age. In those days (the early nineties) he worked for 50 cents a day, or whatever he could get. To-day he has just a nice farm. That man did not get a dollar that he did not earn by his own hard work, yet when he came here, as he said himself, he did not know how to put a set of whiffle-trees together."

How the N.C.R. Keeps on Breaking Records

By FREDERICK B. PATTERSON,
President, The National Cash Register Co.

When a business breaks records year after year, it is worth while for executives of other lines to get an idea of how that business operates. With The National Cash Register Company, record breaking years have become almost a habit. In 1924 the Company closed the biggest year in its history. That our readers may have the privilege of an insight into the methods used by this well known concern, "Forbes" Magazine asked Frederick B. Patterson, president of The National Cash Register Company, to outline some of the policies and methods that have made his company such a conspicuous success.

It is probably true that the two things for which our company is best known are its selling force and the welfare work done at the factory. Both of these have played an important part in whatever success we have achieved. The foundation for both was laid many years ago by my father, John H. Patterson, who was the founder of the business and the originator of many of the policies that we are following to-day.

Much has been said and written about our selling force, which to-day comprises about 3,000 men. Five years ago it was 1,300 men. These figures are for the United States and Canada only. We have 252 sales agencies in these two countries. Each man has a territory exclusively his own—a guaranteed territory. He devotes his entire time to our business.

We do not look upon our men as high-powered salesmen. The reason that they are successful in this business is because they are carefully trained in merchandising methods. They spend a great part of their time in making personal investigations of stores in all lines of business. Many of these men are trained in Dayton, Ohio, at the sales schools which we hold at intervals during the year. These sales schools have always played an important part in our selling activities. My father started them thirty-five years ago.

During the past few years we have expanded these schools, brought in more men to be trained, and have greatly improved and simplified the training that we give them. The instruction in these sales schools is more than a mere training in the functions and uses of our product. The everyday problems of merchants receive most careful consideration and attention. A man leaves one of these schools with a thorough knowledge of retailing.

We have demonstrated the fact that the increase in our sales is in direct proportion to our ability to help merchants solve their business problems. Each sales school lasts for six weeks, and is in charge of men whose average experience with the company is fifteen years. We do not take a man into these schools for instruction until he has had at least sixty days' experience in the field. This policy gives us an opportunity to judge the man's ability and considerably reduces turnover.

I believe that our plan of educating salesmen is one of the most important things that has contributed to the success of this business. I am also convinced that a plan similar to ours, modified or added to to fit the business, is a necessity in any line. I do not mean by this that so-called high-pressure sales methods should be used. But I do insist that a salesman must know his product thoroughly and that he be acquainted with the problems of the men to whom he sells this product. He is thus able to show the real need of the merchandise he is selling, with the result that the prospect really sells himself.

We have another equally good idea in our Merchants' Service Division. This is not a selling department, but it is used a great deal by the selling force. This department gathers information on merchandising from many investigations. As a result, we are in a position to give merchants sound, helpful, and practical advice on any retailing problem. That merchants appreciate this service is shown by the fact that we have received as many as 300 inquiries in one day.

We emphasize in all of our business literature and advertising that this service is free to any merchant whether or not he is a user of our product. It is only natural that many sales have resulted through inquiries sent in by merchants. But making sales is incidental to the main purpose of the department. Its object is to help merchants to be better business men and to help put the retailing business on a better basis. We can prosper only as merchants prosper, and if we can show the merchants of this country better and more economical ways of doing business, our own business will increase. For over forty-one years we have kept in close touch with the merchants of the world. Many of the best ideas for the improvement of our cash registers have been sent in by merchants themselves.

Through house organs and personal meetings we keep up the spirit and enthusiasm of our men in the field. For many years we have had a C. P. C. or Hundred Per Cent. Club. A sales agent or salesman becomes a member of this club when he has sold 100 per cent. or more of his quota for the year. We have always considered membership in the C. P. C. the greatest honor that a man in our selling force can win.

The reward for men who attain membership is always worth while. The men who made quota in 1923 were taken to Bermuda. Those who qualified in 1924 were taken on a two weeks' trip to California. Experience has proved that these trips are educational in the highest sense and that they pay.

Contests Keep Men on Toes

We also offer prizes throughout the year, usually on the basis of a month's business. These prizes may be a certain amount of cash or a valuable article. Another plan that has proved very effective is to match agencies against each other in contests. In May, we have an annual sweepstakes race and carry the idea of an automobile race throughout the month. In October the same plan is followed, except that airplanes are used.

A great deal of enthusiasm is created in these contests. The men catch the spirit and are very keen about winning. The results for last May show the possibilities of such contests. We set our goal for the month at 150,000 points, a point being $25 gross sales. The selling force not only reached that goal but greatly exceeded it, closing the month with 168,000 points.

Personal contact with the men in the territories has been a big factor. I spend a great deal of my time in the field, and other officials do the same. You cannot run a selling force of 3,000 men by sitting at a desk.

Next to personal selling, advertising is the greatest force in the distribution of our product. We have always believed in the value of good advertising. Experience has shown that it produces results. Our company was one of the pioneers in advertising. We use newspapers, magazines and other media, and also do a great deal of direct-by-mail advertising. Our mailing list is composed of more than a million merchants.

Our factory has grown in forty-one years from a one-room workshop to a plant of twenty-three buildings. This business was started with one type of register. To-day we are building five hundred different types of cash registers.

In the manufacture of cash registers we naturally take advantage of every modern method. We do not hesitate to discard old machinery when we find a new machine that will do the work better or cheaper. That policy is, of course, common to any successful manufacturing business to-day.

The management of this business has always felt that it was as much a part of our work to build men as to build machinery. We have spent thousands of dollars in carrying out this policy. And we believe that every cent has been repaid many times over.

Our welfare work reaches every man and woman in the plant. It includes medical and dental service, entertainments, gardens, night schools, and many other things. We have regular meetings of the heads of all departments, foremen, and job-foremen, once each month. This is known as our Progress Club and is called together to provide an opportunity to exchange ideas. We also have a foremen's school which meets once each week.

Frequent meetings have had a great influence on this business. They have helped to clear up difficulties. They have developed new methods, and have greatly increased our efficiency.

Profit sharing has been in effect in our factory in various forms for a number of years. We started it because we felt that it was right to share profits with the men and women who helped to make them. Employees take greater interest in the business because of this plan. They put their heart in their work and became better workmen and better citizens.

In addition to these benefits, profit sharing pays from the standpoint of management. I believe that has done more to eliminate waste, give us a better product, and make us more efficient, than any other single factor in the business.

We are constantly improving our product and seeking new fields. Suggestions are sought from every employee. A regular suggestion system with cash prizes has been in effect for a number of years.

Add to these things a policy of promoting from the ranks and I believe you have the fundamentals upon which our business operates. Every man in an executive capacity has come up through the ranks.

We have a very simple rule to follow in our business. When general conditions are unfavorable we put forth enough extra effort to more than overcome them. We are not so much concerned with outside conditions as with the condition of our own organization. We have always found that there is business to be had for the organization that is prepared to get it.

REAL ESTATE BONDS SAFE

Referring to the general acceptance of real estate bonds by the American investing public, Forbes Magazine says:

"Investment in first mortgage real estate bonds is no longer a hit or miss proposition. Years of experience have proved that they comprise one of the best and safest fields in which to invest funds."

Real estate bonds have established a new era in building financing in the United States and promise to do the same in Canada.

Bringing East and West Together

Lethbridge Herald.

The Canadian Council of Agriculture by meeting alternatively in Toronto and Montreal might do more effective missionary work than issuing pamphlets and passing resolutions. It has just met in Toronto and to read the press of that city one could vision the lion and the lamb actually frolicing together.

First we have the President of the Toronto Board of Trade denouncing sectionalism, probably with an eye cast towards the Toronto Telegram, in these words:

"The apparent diversion of interest, the lack of co-operation between the various provinces of Canada is a regrettable fact which it would be dangerous any longer to ignore. It would seem fitting that the first concrete move in the direction of that better understanding, which we are all anxious to arrive at, should emanate from the Toronto Board of Trade. It is the intention of the executive to endeavor to foster a get-together plan among the various Boards of Trade of Canada to see, if by possibly a series of addreses delivered in various parts of the country by men of independent thought — without political bias—a better understanding cannot be reached, a more sympathetic view each of the other arrived at. The ground-work might thus well be formed for expert investigation and in the end it might be found that all the provinces could agree on certain fundamentals connected with the economic life of this country."

Good idea! Hardly had it been expressed than Robert Forke, M.P., Progressive leader, visited Toronto and startled the misinformed people of that city by saying that he favored a policy of moderate protection, immediately dispelling the impression that every Westerner was a free trader keen on knocking down the smokestacks of Eastern factories.

The most applauded speaker at the luncheon where Mr. Gundy lanuched his idea, was Mrs. R. B. Gunn, the president of the women's section of the Canadian Council of Agriculture. "The ideals of our womens organization," said she, "may be expressed in the phrase, 'on the trail to an ideal.' That ideal is happy, contented,' prosperous rural homes.' The prosperity was to be gained by co-operative marketing of farm products on a quality basis. One of her epigrams was, "Good citizenship is not merely a spasmodic effort at election time. It is a daily chore."

This speech of an Alberta lady, we are told brought forth great enthusiasm and inspired of all men Sir Joseph Flavelle, whom the West has been taught by the sectionalists to believe, is a selfish, heartless industrialist, to arise and eulogize "a Nova Scotia girl who went West, married a homesteader and lived thirty miles from the nearest town and doctor. That illustrates her spirit."

So in this way the Eastern magnate and the Western homesteader started to get together at Toronto. It should be tried out at Montreal next year. Probably Lord Atholstan might even sit in at the round table and admit that Canada, as long as it possesses virile, hard working, sensible, Family Herald and Weekly Star readers on the Western plains could not possibly go to the deep and dark pit of ruin.

Seriously, the Toronto round table confessional is an omen of better days. Let us have more of them, often and everywhere the sectionalist snake raises its head—on the prairies or in the East.

AN EXPORT TAX ON WH[illegible]

Stratford Beacon-Herald.—It [illegible] as well, perhaps, not to dwell [illegible] on reprisals. In the nature of thi[illegible] reprisal suggests another. The [illegible] ment of the United States, when it [illegible] to shut out Canadian products, [illegible] a prohibitive tariff, not as an [illegible] act towards Canada, but as a [illegible] business, the business of the [illegible] States. Canada is not considered [illegible] matter. Why should not Canada [illegible] the same way? If it would be [illegible] thing for Canada, or for certain C[illegible] interests, to put export duty on [illegible] dian wheat, put it on, not as an [illegible] reprisal, but as a matter of C[illegible] business. The people of the Unit[illegible] could not object, or should not. [illegible] war of reprisals is begun [illegible] knowing where it will stop.

PETERSEN'S GREAT BA[illegible]

Ottawa Journal:—While [illegible] government is trying [illegible] out of its preposterous co[illegible] William Petersen, and is [illegible] that the Senate will throw [illegible] would give Mr. King a deli[illegible] to go to the West and say: [illegible] those autocratic Tories alway[illegible] try to help you!") Sir Willi[illegible] hands in London in gleeful co[illegible] of his bargain. The London [illegible] thus quote him at a meeting of [illegible] holders:

"I hope," Sir William told [illegible] holders, "in the early spring [illegible] able to see our ships sailing [illegible] much more prosperous conditi[illegible] most shipping companies are [illegible] dependent as they are on exi[illegible] freights. We may be in a ver[illegible] better position and independen[illegible] general freight market. I cannot [illegible] ther except to say that this is not [illegible] a prophecy, but almost an accom[illegible] fact."

So here we have the extr[illegible] spectacle of the head of the [illegible] which has agreed to bring dow[illegible] actually pitying other compani[illegible] combine) because they will have [illegible] pend on "existing low rates."

Really, what is needed is not a [illegible] mittee of parliament to examine [illegible] tract, but a committee of alienists [illegible] amine the men who made it.

PORTO RICO RY.

There is reported to be a stead[illegible] cumulation of Porto Rico Railway [illegible] mon going on around 39 and 40. Th[illegible] nual report published recently show[illegible] company's position to be favorabl[illegible]

ASBESTOS CORP.

Asbestos Corp. shares have adva[illegible] 12 points during the past week on [illegible] circulation of much more favorable [illegible] ports in regard the progress of the [illegible] negotiated asbestos merger.

Broadcasting the Atlantic Provinces

IN A country of the extent of Canada it is inevitable that there should be varying conditions and different problems. It is imperative, however, for the successful development of this country that these varying conditions should be fully appreciated, and the differing problems sympathetically understood.

The Maritime Provinces Number of The Financial Post will present many of these problems in a new light; corelating them with the problems of other sections of the country. It will show how these questions are factors in the well being of the Dominion as a whole. In a word, it will endeavor to present a full and vivid and understanding picture of this great section in order that it may encourage a spirit of co-operation between the various units of our common country.

The Financial Post is in a singularly favorable position for accomplishing this purpose. It has the active interest and co-operation of the leading business, political, financial and journalistic interests. It has sources of information that are closed to other publications. It is from such sources that the information in this issue will be drawn. Two representatives of The Financial Post, Floyd S. Chalmers and Ernest E. C. Digby, have covered the provinces from end to end securing information and arranging for special articles.

Citizens of the Maritimes, eager that its case should be brought to the attention of influential citizens in other sections of the Dominion, are arranging to distribute many extra copies of this issue. The 10,000 circulation that The Financial Post has guaranteed for this issue, made up of the 8,000 regular paid subscribers and the extra copies that will be supplied to advertisers on a basis of 100 copies per page of advertising, will undoubtedly be largely surpassed.

Advertising Rates

Full page, 1,600 lines, $350 with 100 copies of issue
Half page, 800 lines, $175 with 50 copies of issue
Quarter page, 400 lines, $90 with 25 copies of issue
Eighth page, 200 lines, $45 with 12 copies of issue

As a Maritime Advertiser

Can you afford to miss this opportunity to place your announcement before a public which is peculiarly interested in your section of the country? You are assured of an unusually large audience for your message; but more than that you are assured of a sympathetic audience.

As an Advertiser to the Maritimes

Can you, who have an interest in stimulating business in this great and increasingly prosperous section of the country, afford to let slip an opportunity to present your case to a section which has a specific reason for an unusually attentive and appreciative consideration of this particular issue?

The Financial Post's Maritime Provinces Number

dealing with the

Interests, Activities, Personalities and Problems of the Atlantic Provinces

THE FINANCIAL POST,
143 University Ave., Toronto. Southam Bldg., Montreal.

I should be glad to use.............. lines space in your Maritime Provinces Number.

This will include..............copies of the issue.

For this I agree to pay $............

Name ....

Address ....